

Approaches to Global Sustainability, Markets, and Governance
Series Editors: David Crowther · Shahla Seifi

David Crowther
Shahla Seifi *Editors*

The Components of Sustainable Development

Engagement and Partnership

 Springer

Approaches to Global Sustainability, Markets, and Governance

Series Editors

David Crowther, Faculty of Business and Law, De Montfort University,
Leicester, UK

Shahla Seifi, University of Derby, Derby, UK

Approaches to Global Sustainability, Markets, and Governance takes a fresh and global approach to issues of corporate social responsibility, regulation, governance, and sustainability. It encompasses such issues as: environmental sustainability and managing the resources of the world; geopolitics and sustainability; global markets and their regulation; governance and the role of supranational bodies; sustainable production and resource acquisition; society and sustainability.

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The series is grounded in the belief that any global consideration of sustainability must include such issues as governance, regulation, geopolitics, the environment, and economic activity in combination to recognise the issues and develop solutions for the planet. At present such global meta-analysis is rare as current research assumes that the identification of local best practice will lead to solutions, and individual disciplines act in isolation rather than being combined to identify truly global issues and solutions.

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David Crowther
Faculty of Business and Law
De Montfort University
Leicester, UK

Shahla Seifi
University of Derby
Derby, UK

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Contributors

Prabir Kumar Bandyopadhyay Symbiosis International University, Pune, India

David Crowther De Montfort University, Leicester, UK

Steven J. Greenland Charles Darwin University, Darwin, Australia

Abdel Halabi Federation University Australia, Brisbane, Australia

Jamie P. Halsall University of Huddersfield, Huddersfield, UK

Christo Joseph Garden City University, Bengaluru, India

S. D. Sasi Kiran Gandhi Institute of Technology and Management, Bangalore, India

Ganga R. Menon Department of Economics, NSS Hindu College, Changanassery, Kerala, India

Phiza Moulavi Symbiosis International University, Pune, India

Abdul Moyeen Federation University, Ballarat, Australia

Roopinder Oberoi University of Delhi, New Delhi, India

Merryn Paynter Federation University Australia, Brisbane, Australia

Arifur Rahman University of Dhaka, Dhaka, Bangladesh

Sheeba Samuel Garden City University, Bengaluru, India

P. N. Sankaran Development Economist, Bengaluru, India

Shahla Seifi University of Derby, Derby, UK

Helen Song-Turner Federation University, Ballarat, Australia

D. P. Sudhagar Garden City University, Bengaluru, India

Ghulam Sughra London School of Commerce, London, UK

Naznin Sultana University of Dhaka, Dhaka, Bangladesh

Jackie Tuck Federation University Australia, Brisbane, Australia

Chapter 1

Developing Sustainability Through Collaborative Action



David Crowther and Shahla Seifi

Abstract Sustainability continues to be a concept which is at the forefront of popular discourse as well as of concern to businesses, governments and major international bodies. Often, it is used in ways which have different meanings and implications, so we argue that its use is based on the concepts of stewardship of all resources coupled with the traditional view of the transformational process of business. We further argue that this is problematic in the present global environment when stewardship of resources is becoming paramount. We therefore argue that sustainability is actually based on efficiency in the transformational process and equity in the distribution of effects. This requires international cooperation together with a need for standards in analysing and measuring sustainability, and we discuss the implications.

Keywords Sustainability · Sustainable development · Distribution · Stakeholders · Regulation

1.1 Introduction

One of the most used words relating to global activity at present is the word sustainability. Indeed, it can be argued that it is so heavily used that it has become overused, and with so many different meanings applied, to it that it is effectively meaningless. For example, according to van Marrewijk and Werre (2003), there is no specific definition of corporate sustainability, and each organisation needs to devise its own definition to suit its purpose and objectives, although they seem to assume that corporate sustainability and corporate social responsibility are synonymous and based on voluntary activity which includes environmental and social concern, implicitly thereby adopting the EU approach.

D. Crowther (✉)
De Montfort University, Leicester, UK
e-mail: davideacrowther@aol.com

S. Seifi
University of Derby, Derby, UK

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Thus, the term sustainability currently has a high profile within the general approach to corporate endeavour. Indeed, it is frequently mentioned as central to corporate activity without any attempt to define exactly what sustainable activity entails. This is understandable as the concept is problematic and subject to many varying definitions—ranging from platitudes concerning sustainable development to the deep green concept of returning to the ‘golden era’ before industrialisation—although often it is used by corporations merely to signify that they intend to continue their existence into the future.

The ubiquity of the concept and the vagueness of its use mean that it is necessary to re-examine the concept and to consider what it really means and how it applies to corporate activity. Many people talk about *the triple bottom line* as if this is the panacea of corporate social responsibility and therefore inevitably concerned with sustainability. We regard it as self-evident that corporations need to be concerned with these three aspects of CSR and equally self-evident that all corporations are so concerned. What is more important is how the concept translates into actions and how this can be improved.

1.2 Sustainability

Sustainability implies that society must use no more of a resource than can be regenerated. This can be defined in terms of the carrying capacity of the ecosystem (Hawken 1993) and described with input–output models of resource consumption. Viewing an organisation as part of a wider social and economic system implies that these effects must be taken into account, not just for the measurement of costs and value created in the present but also for the future of the business itself. This approach to sustainability is based on the Gaia Theory (Lovelock 1979)—a model in which the whole of the ecosphere, and all living matter therein, is co-dependent upon its various facets and formed a complete system. According to this theory, this complete system and all components of the system are interdependent and equally necessary for maintaining the Earth as a planet capable of sustaining life.

Such concerns are pertinent equally at a macrolevel of society as a whole or at the level of the nation state but are equally relevant at the micro level of the individual organisation. At this level, measures of sustainability would consider the rate at which resources are consumed by the organisation in relation to the rate at which resources can be regenerated. Unsustainable operations can be accommodated for either by developing sustainable operations or by planning for a future lacking in resources currently required. In practice organisations mostly tend to aim towards less unsustainability by increasing efficiency in the way in which resources are utilised. An example would be an energy efficiency programme.

Sustainability is a controversial topic because it means different things to different people. Nevertheless, there is a growing realisation that we are involved in a battle about what sustainability means and the extent it can be delivered by nations and organisations in the easy manner they promise (United Nations Commission on

Environment and Development) (Schmidheiny 1992). There is a further confusion surrounding the concept of sustainability: for the purist, sustainability implies nothing more than stasis—the ability to continue in an unchanged manner—but often it is taken to imply development in a sustainable manner (Marsden 2000; Hart and Milstein 2003), and the terms sustainability and sustainable development are for many viewed as synonymous. As far as corporate sustainability is concerned, then the confusion is exacerbated by the fact that the term sustainable has been used in the management literature over the last 30 years (see, e.g., Reed and DeFillippi 1990) to merely imply continuity. Thus, Zwetsloot (2003) is able to conflate corporate social responsibility with the techniques of continuous improvement and innovation to imply that sustainability is thereby ensured.

An almost unquestioned assumption is that growth remains possible (Elliott 2005), and therefore, sustainability and sustainable development are synonymous. Indeed, the economic perspective of post-Cartesian ontologies predominates and growth is considered to be not just possible but also desirable (see, e.g., Spangenberg 2004). So it is possible therefore for Daly (1992) to argue that the economics of development is all that needs to be addressed and that this can be dealt with through the market by the clear separation of the three basic economic goals of efficient allocation, equitable distribution and sustainable scale. Hart (1997) goes further and regards the concept of sustainable development merely as a business opportunity, arguing that once a company identifies its environmental strategy, then opportunities for new products and services become apparent.

There seem therefore to be two commonly held assumptions which permeate the discourse of corporate sustainability. The first is that sustainability is synonymous with sustainable development. The second is that a sustainable company will exist merely by recognising environmental and social issues and incorporating them into its strategic planning. The problem is that both of these are based on an unquestioning acceptance of market economics predicated in the need for growth. While we do not necessarily reject such market economics, we argue that its acceptance has led to the assumptions about sustainability which have confused the debate. Thus, we consider it imperative at this point to reiterate the basic tenet of sustainability that sustainable activity is activity in which decisions made in the present do not restrict the choices available in future. If this tenet of sustainability is accepted, then it follows that development is neither a necessary nor desirable aspect of sustainability. Sustainable development may well be possible and even desirable in some circumstances, but it is not an integral aspect of sustainability.

A further point is that corporate sustainability is not necessarily continuing into the future with little change except to incorporate environmental and social issues—all firms are doing this in some way. Nor is corporate sustainability a term which is interchangeable with the term corporate social responsibility. And environmental sustainability—the context in which the term is generally used—is not the same as corporate sustainability.

Sustainability is a fashionable concept for corporations, and their reporting previously described as environmental reporting and then corporate social responsibility reporting is now often described as sustainability reporting (Aras and Crowther

2007). Corporate websites also tend to discuss sustainability. But it is apparent that sustainability and sustainable development are used as interchangeable terms. It is apparent therefore that a very powerful semiotic (Guiraud 1975; Kim 1996) of sustainable activity has been created conveniently as Fish (1989) shows that truth and belief are synonymous for all practical purposes. It has been argued elsewhere (Aras and Crowther 2008) that this is a deliberate ploy as one of the effects of persuading people that corporate activity is sustainable is that the cost of capital for the firm is reduced as investors are misled into thinking that the level of risk involved in their investment is lower than it actually is.

1.3 Sustainability and Stewardship

One view of good organisational performance is that of stewardship and thus just as the management of an organisation is concerned with the stewardship of the financial resources of the organisation so too would management of the organisation be concerned with the stewardship of environmental resources. The difference, however, is that environmental resources are mostly located externally to the organisation. Stewardship in this context therefore is concerned with the resources of society as well as the resources of the organisation. As far as stewardship of external environmental resources is concerned, then the central tenet of such stewardship is that of ensuring sustainability. Sustainability is focused on the future and is concerned with ensuring that the choices of resource utilisation in future are not constrained by decisions taken in the present. This necessarily implies such concepts as generating and utilising renewable resources, minimising pollution and using new techniques of manufacture and distribution. It also implies the acceptance of any costs involved in the present as an investment for the future.

Not only does such sustainable activity, however, impact upon society in future; it also impacts upon the organisation itself in future. Thus, good environmental performance by an organisation in the present is in reality an investment in future of the organisation itself. This is achieved through the ensuring of supplies and production techniques which will enable the organisation to operate in future in a similar way to its operations in the present and so to undertake value creation activity in future much as it does in the present. Financial management also, however, is concerned with the management of the organisation's resources in the present so that management will be possible in a value creation way in future. Thus, the internal management of the firm, from a financial perspective, and its external environmental management coincide in this common concern for management for the future. Good performance in the financial dimension leads to good future performance in the environmental dimension and vice versa. Thus, there is no dichotomy (Crowther 2002) between environmental performance and financial performance, and the two concepts conflate into one concern. This concern is of course the management of the

future as far as the firm is concerned.¹ The role of social and environmental accounting and reporting and the role of financial accounting and reporting therefore can be seen to be coincidental. Thus, the work required needs to be concerned not with arguments about resource distribution but rather with the development of measures which truly reflect the activities of the organisation upon its environment. These techniques of measurement, and consequently of reporting, are a necessary precursor to the concern with the management for the future—and hence with sustainability.

Similarly, the creation of value within the organisation is followed by the distribution of value to the stakeholders of that firm, whether these stakeholders are shareholders or others. Value, however, must be taken in its widest definition to include more than economic value as it is possible that economic value can be created at the expense of other constituent components of welfare such as spiritual or emotional welfare.² This creation of value by the organisation adds to welfare for society at large, although this welfare is targeted at particular members of society rather than treating all as equals. This has led to arguments by Tinker (1988), Herremans et al. (1992) and Gray (1992), amongst others, concerning the distribution of value created and to whether value is created for one set of stakeholders at the expense of others. Nevertheless if, when summed, value is created, then this adds to welfare for society at large, however distributed. Similarly, good environmental performance leads to increased welfare for society at large, although this will tend to be expressed in emotional and community terms rather than being capable of being expressed in quantitative terms. This will be expressed in a feeling of wellbeing, which will of course lead to increased motivation. Such increased motivation will inevitably lead to increased productivity, some of which will benefit the organisations, and also a desire to maintain the pleasant environment which will in turn lead to a further enhanced environment, a further increase in welfare and the reduction of destructive aspects of societal engagement by individuals.

1.4 Distributional Conflicts

In binary opposition to shareholders, as far as value creation and distribution for an organisation are concerned, are all others interested in the performance of the organisation (Crowther 2000), who are generally homogeneously described as ‘the stakeholders’. This concept neatly distinguishes one stakeholder group, the shareholders or owners, from all others and enables the discourse to treat amorphously all other stakeholders. It is important to remember, however, that this amorphous mass contains very discrete groupings such as employees, customers, society at large and possibly most significantly the future (see Cooper 2000). This future can be broadly

¹Financial reporting is of course premised upon the continuing of the company—the going concern principle.

²See, for example, Mishan (1967), Ormerod (1994) and Crowther et al. (1998). This can be equated to the concept of utility from the discourse of classical liberalism.

encapsulated in the concept of the environment. In this separation of stakeholders into two distinct groupings, a dialectic is created which establishes a violent hierarchy (Laclan 1990) between the two poles of a binary opposition by establishing the idea of a conflict of interests. The creation of this dialectic provides a legitimation for the privileging of shareholders over all other stakeholders, a task for which accounting is singularly well equipped.

At the same time, the creation of this dialectic implicitly creates two dimensions to the performance of an organisation—performance for shareholders and performance for other stakeholders, with an equally implicit assumption that maximising performance for one can only be at the expense of the other. It is in this way that a dialogue is created to consider which pole of the binarism should be dominant in the managing of corporate performance because one of the essential features of the violent hierarchy of poles established in this dialectic is that one must be privileged over the other.

The nature of the discourse regarding the measurement and evaluation of corporate performance has bifurcated in recent years with the adoption of different perspectives, and this has been reflected in the changing nature of corporate reporting. Thus, Beaver (1989) states that there has been a shift from an economic view of corporate performance measurement to an informational perspective with a recognition of the social implications of an organisation's activities. Similarly, Eccles (1991) states that there has been a shift from treating financial figures as the foundation of corporate performance measurement to treating them as part of a broader range of measures, while McDonald and Puxty (1979) maintain that companies are no longer the instruments of shareholders alone but exist within society and so have responsibilities to that society. Others (e.g. Roslender 1996) argue for a changed basis for accounting to reflect these changes.

This part of the discourse therefore seems to have moved away from the concerns of shareholders in the firm and away from the economic rationale for accounting and towards a consideration of the wider stakeholder environment. At the same time, however, these shareholder concerns cannot be ignored and another part of the discourse has seen a return to economic values in assessing the performance of the firm. Thus, Rappaport (1986) recognises some of the problems with accounting but goes on to consider the concept of shareholder value and how this can be created and sustained. He develops a methodology of shareholder value based on his previous work where he argues (1992) that a shareholder value approach is the correct way of evaluating alternative company strategies, stating that the ultimate test of a corporate plan is whether it creates value for the shareholders and that this is the sole method of evaluating performance.

This view of an organisation has, however, been extensively challenged by many writers (e.g. Herremans et al. 1992; Tinker 1985) who argue that the way to maximise performance for society at large is to both manage on behalf of all stakeholders and ensure that the value thereby created is not appropriated by the shareholders but is distributed to all stakeholders. Others such as Kay (1998) argue that this debate is sterile and that organisations maximise value creation not by a concern with either

shareholders or stakeholders but by focusing upon the operational objectives of the firm and assuming that value creation and equitable distribution will thereby follow.

Adherents to each of these conflicting philosophies have a tendency to adopt different perspectives on the evaluation of performance. Thus, good performance for one school of thought is assumed to be poor performance for the others. Thus, performance maximising philosophies are polarised in the discourse, and this leads to a polarisation of performance reporting and the creation of the dialectic considered earlier. Almost unquestioned within the discourse, however, is the assumption that good performance from one aspect necessitates the sacrificing of performance from the other, despite the ensuing distributional conflicts being hidden within the discourse. Indeed, Kimberley et al. (1983) have argued that some areas of performance which are important to the future of the business are not even recognised let alone evaluated. It is argued in this paper that the future orientation of performance management necessitates the creation of value over the longer term for all stakeholders and moreover that this value creation must be manifest in the way in which the value created in the organisation is distributed among the various stakeholders. It is only in this way that the sustainability, and even the continuing temporal existence, of the organisation can be ensured.

It can be argued therefore that a clearer articulation of the needs of performance evaluation will not only facilitate a more meaningful evaluation of performance for all interested parties but will also lead to better performance for the organisation. This is not just because such an articulation of needs can be argued to lead to a reduction in tension within the organisational framework but also because it enables more clearly the identification of the factors which shape performance as far as meeting the objectives of the organisation is concerned, and the techniques of VBM³ are designed for this purpose. It is further argued, however, that successful performance, in whatever terms deemed appropriate, is not just more likely to be achieved in this manner but also is more likely to be sustainable and so shapes long-term performance rather than the short-term performance of the organisation. The factors shaping performance in the long- and short-term are not necessarily the same, and the viewpoint and time horizon of the organisation are therefore important to its approach to measurement and evaluation. An examination of this time horizon and its relationship both to the organisation's evaluation systems and its performance, both projected and actualised, is important therefore to an understanding of the operating of the organisation.

Traditional accounting theory and practice assumes that value is created in the business through the transformation process and that distribution is merely concerned with how much of the resultant profit is given to the investors in the business now and how much is retained in order to generate future profits and hence future returns to investors. This is of course overly simplistic for a number of reasons. Even in traditional accounting theory, it is recognised that some of the retained profit is needed merely to replace worn out capital—and hence to ensure sustainability in its narrowest sense. Accounting of course only attempts to record actions taking place

³VBM = value-based management, a technique claimed to optimise decision-making for performance. See Cooper et al. (2001) for further details.

within this transformational process and even in doing so regards all costs as things leading to profit for distribution.

This traditional view of accounting is that the only activities with which the organisation should be concerned are those which take place within the organisation⁴; consequently, it is considered that these are the only activities for which a role for accounting exists. Here, therefore is located the essential dialectic of accounting—that some results of actions taken are significant and need to be recorded, while others are irrelevant and need to be ignored. This view of accounting places the organisation at the centre of its world and the only interfaces with the external world take place at the beginning and end of its value chain. It is apparent, however, that any actions which an organisation undertakes will have an effect not just upon itself but also upon the external environment within which that organisation resides. In considering the effect of the organisation upon its external environment, it must be recognised that this environment includes both the business environment in which the firm is operating, the local societal environment in which the organisation is located and the wider global environment.

The discourse of accounting can therefore be seen to be concerned solely with the operational performance of the organisation. Contrasting views of the role of accounting in the production process might therefore be epitomised as either providing a system of measurement to enable a reasonable market mediation in the resource allocation problem or as providing a mechanism for the expropriation of surplus value from the labour component of the transformational process. Both strands of the discourse, however, tend to view that labour as a homogeneous entity and consider the effect of organisational activity upon that entity. Labour is of course composed of individual people; moreover, these individual people have a lifetime of availability for employment and different needs at different points during their life cycle. The depersonalisation of people through the use of the term labour, however, provides a mechanism for the treatment of labour as an entity without any recognition of these personal needs. Thus, it is possible to restrict the discourse to that of the organisation and its components—labour capital, etc.—and to theorise accordingly. The use of the term labour is a convenient euphemism which disguises the fact that labour consists of people, while the treatment of people as a variable cost effectively commodifies these people in the production process. In order to create value in the transformational process of an organisation, then commodities need to be used efficiently, and this efficient use of such commodities is measured through the accounting of the organisation. When this commodity consists of people, then this implies using them in such a way that the maximum surplus value can be extracted from them. The way in which this can be achieved is through the employment of young fit people who can work hard and then be replaced by more young fit people. In this way, surplus value (in Marxian terms) can be transferred from the future of the person and extracted in the present. As people have been constituted as a commodified variable cost, then they become merely a factor of production which can be exchanged for another factor of

⁴Essentially, the only purpose of traditional accounting is to record the effects of actions upon the organisation itself.

production, as the costs determined through the use of accounting legitimate. Thus, it is reasonable, through an accounting analysis, to replace people with machinery if more value (profit) can be extracted in doing so, and this has provided the imperative for the industrial revolution which has continued up until the present. Accounting is only concerned with the effect of the actions of an organisation upon itself, and so, the effect of mechanisation upon people need not be taken into account. Thus, if mechanisation results in people becoming unemployed (or possibly unemployable), then this is of no concern—except to the people themselves.

1.5 Developing a Full Discourse of Sustainability

In this chapter, we have sought to show that there are two discourses concerning corporate sustainability which are operating in parallel with each other. One is predicated in the environmental sustainability discourse which is epitomised by such work as Jacobs (1991), Welford (1997) and Gray and Bebbington (2001). The second is predicated in the going concern principle of accounting as epitomised by the corporate reporting described earlier. Essentially this, however, is an acceptance of the traditional model of the transformational process with more effects recorded. Our argument is that this does not actually lead to corporate sustainability without a consideration of the distributional impact of the corporate activity. Thus, in this view, none of the stakeholders are merely factors of production but are also affected by and hence concerned with the results of corporate activity, as described through the transformational process.

This is essentially a balancing model of corporate activity. In other words, we are stating, for example, that the conventional view of sustainability in terms of either use no more of a resource than can be regenerated or not limiting the choices of future generations—in other words stasis (Aras and Crowther 2007)—is neither a realistic nor an ethical model of sustainability. An ethical view of sustainability, predicated in a Utilitarian philosophy, would allow actions, as long as full evaluation of the consequences is made and as long as all stakeholders understand and accept the implications. Then, it would be ethical behaviour if the net effect of summation of effects was positive. Thus, it could be acceptable to affect the environment and hence the possibilities for future generations if this condition was met. In this model, we are not arguing for or against sustainable development (as others do) but merely acknowledging that it may be possible and outlining the circumstances in which it is acceptable.

1.6 The Regulation of Social Responsibility

The European Union, through its Commission, has concentrated on the enactment of corporate social responsibility (CSR) as an expression of European cohesion. Thus, the *Green Paper—Promoting a European framework for Corporate Social Respon-*

sibility (EC 2001) and the *Corporate Social Responsibility: A business contribution to Sustainable Development* (EC 2002) defined the pressure from the European institutions so that corporations were reminded of their responsibilities to their various stakeholders, both internal and external. The first document (EC 2001: 8) described CSR as:

... a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

The essential point is that compliance is voluntary rather than mandatory, and this voluntary approach to CSR expresses the reality of enterprises in beginning to take responsibility for their true social impact and recognises the existence of a larger pressure exercised by various stakeholder groupings in addition to the traditional ones of shareholders and investors (Aras and Crowther 2008). Moreover, it reflects the different traditions of business and differing stages of development throughout the Community.

Although this definition places an emphasis on such activity being voluntary, the implication is that the EC will not be involved in any form of regulation and that the expectation is that companies will engage in socially responsible activity in excess of any regulatory requirements. Despite phrased to place an expectation upon companies, this statement is in reality a clear abdication of any responsibility on the part of the EC.⁵ Such abdication is in accordance with the action (or lack thereof) of other governments and is predicated in an assumption that the market will enable such socially responsible activity.⁶

According to the European Commission, therefore it is about undertaking voluntary activity which demonstrates a concern for stakeholders. But it is here that a firm runs into problems—how to balance up the conflicting needs and expectations of various stakeholder groups while still being concerned with shareholders; how to practice sustainability; how to report this activity to those interested; how to decide if one activity is more socially responsible than another. The situation is complex and conflicting. So here the intention is to consider both what is meant by CSR and what we know about the relationship between CSR and financial performance.

Nevertheless, steps have been taken by interested parties to change this voluntary approach and to develop some kind of standards for reporting, but they have not been adopted by governments to become enshrined into standards. Thus, in 1999, the Institute of Social and Ethical Accountability (the Institute of Social and

⁵Conversely, as Ortiz-Martinez (2004) points out in a country such as Spain, then some kind of information about socially responsible corporate behaviour is required to be shown on the corporate website. In this respect, there is not a universal consensus among government organs, at least as far as the EU is concerned.

⁶Of course, it is possible to argue that such things as International Financial Reporting Standards (IFRS) and such bodies as the International Accounting Standards Board (IASB) are effectively government endorsed regulations as they are supported by governments around the world and compliance is required by national and global corporations. Although this is a valid claim, it must also be recognised that their enforcement is policed by organisations such as Arthur Andersen and that corporations such as Enron would be deemed to be in compliance, one of the problems causing a lack of faith in both financial markets and corporate behaviour.

Ethical Accountability is probably better known as AccountAbility) published the AA1000 Assurance Standard with the aim of fostering greater transparency in corporate reporting. AccountAbility, an international, not-for-profit, professional institute has launched the world's first-ever assurance standard for social and sustainability reporting. The AA1000 framework (<http://www.accountability.org.uk>) is designed to improve accountability and performance by learning through stakeholder engagement. It was developed to address the need for organisations to integrate their stakeholder engagement processes into daily activities. It has been used worldwide by leading businesses, non-profit organisations and public bodies. The framework is designed to help users to establish a systematic stakeholder engagement process that generates the indicators, targets and reporting systems needed to ensure its effectiveness in overall organisational performance. The principle underpinning AA1000 is inclusivity. The building blocks of the process framework are planning, accounting and auditing and reporting. It does not prescribe what should be reported on but rather the 'how'.

According to AccountAbility, the AA1000 Assurance Standard is the first initiative offering a non-proprietary, open-source assurance standard covering the full range of an organisation's disclosure and associated performance (i.e. sustainability reporting and performance). It draws from and builds on mainstream financial, environmental and quality-related assurance and integrates key learning with the emerging practice of sustainability management and accountability, as well as associated reporting and assurance practices.

At the similar time, the Global Reporting Initiative (GRI) produced its Sustainability Reporting Guidelines have been developed through multi-stakeholder dialogue. The guidelines are claimed to be closely aligned to AA1000, but focus on a specific part of the social and environmental accounting and reporting process, namely reporting. The GRI aims to cover a full range of economic issues, although these are currently at different stages of development. The GRI is an initiative that develops and disseminates voluntary Sustainability Reporting Guidelines. These guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. Although originally started by an NGO, GRI has become accepted as a leading model for how social environmental and economic reporting should take place. It aims to provide a framework that allows comparability between different companies' reports whilst being sufficiently flexible to reflect the different impacts of different business sectors.

The GRI aims to develop and disseminate globally applicable Sustainability Reporting Guidelines. These guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. The GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labour organisations from around the world. Started in 1997, GRI became independent in 2002 and is an official collaborating centre of the United Nations Environment Programme (UNEP) and works in cooperation with UN Secretary-General Kofi Annan's Global Compact. The guidelines are under continual development and have become the popular framework for reporting, on a voluntary basis, for several

hundred organisations, mostly for-profit corporations. It claims to be the result of a permanent interaction with many people that supposedly represents a wide variety of stakeholders relative to the impact of the activity of business around the world.

GRI and AA1000 provide a set of tools to help organisations manage, measure and communicate their overall sustainability performance: social, environmental and economic. Together, they draw on a wide range of stakeholders and interests to increase the legitimacy of decision-making and improve performance. Individually, each initiative supports the application of the other—at least this is the claim of both organisations concerned; AA1000 provides a rigorous process of stakeholder engagement in support of sustainable development, while GRI provides globally applicable guidelines for reporting on sustainable development that stresses stakeholder engagement in both its development and content.

Good governance is essential for good corporate performance (Aras and Crowther 2008), and one view of good corporate performance is that of stewardship. Stewardship in this context is concerned with the resources of society as well as the resources of the organisation. As far as stewardship of external environmental resources is concerned, then the central tenet of such stewardship is that of ensuring sustainability. Sustainability is focused on the future and is concerned with ensuring that the choices of resource utilisation in future are not constrained by decisions taken in the present (Aras and Crowther 2007). This necessarily implies such concepts as generating and utilising renewable resources, minimising pollution and using new techniques of manufacture and distribution. It also implies the acceptance of any costs involved in the present as an investment for the future. Good governance requires some form of regulatory oversight, and this becomes problematic in the global economy because international agreements are required. It also conflicts with the expectations of the free market.

1.7 The Free Market System

The free market system is of course based on the philosophy of Utilitarianism, which was a development of Classical Liberal Theory. This theory started to be developed in the seventeenth century by such writers as John Locke as a means of explaining how society operated, and should operate, in an era in which the Divine Right of Kings to rule and to run society for their own benefit had been challenged and was generally considered to be inappropriate for the society which then existed. Classical Liberalism is founded upon the two principles of reason and rationality: reason in that everything had a logic which could be understood and agreed with by all, and rationality in that every decision made was made by a person in the light of what their evaluation had shown them to be for their greatest benefit. Classical Liberalism therefore is centred upon the individual, who is assumed to be rational and would make rational decision, and is based on the need to give freedom to every individual to pursue his/her own ends. It is therefore a philosophy of the pursuance of self-interest. Society, insofar as it existed and was considered to be needed, was therefore merely

an aggregation of these individual self-interests. This aggregation was considered to be a sufficient explanation for the need for society. Indeed, Locke argued that the whole purpose of society was to protect the rights of each individual and to safeguard these private rights.

There is, however, a problem with this allowing of every individual the complete freedom to follow his/her own ends and to maximise his/her own welfare. This problem is that in some circumstances this welfare can only be created at the expense of other individuals. It is through this conflict between the rights and freedoms of individuals that problems occur in society. It is for this reason therefore that de Tocqueville argued that there was a necessary function for government within society. He argued that the function of government therefore was the regulation of individual transactions so as to safeguard the rights of all individuals as far as possible.

Although this philosophy of individual freedom was developed as the philosophy of Liberalism, it can be seen that this philosophy has been adopted by the conservative governments throughout the world, as led by the UK government of Thatcher and the US government of Reagan in the 1980s. This philosophy has led increasingly to the reduction of state involvement in society and the giving of freedom to individuals to pursue their own ends, with regulation providing a mediating mechanism where deemed necessary. It will be apparent, however, that there is a further problem with Liberalism and this is that the mediation of rights between different individuals only works satisfactorily when the power of individuals is roughly equal. Plainly, this situation never arises between all individuals, and this is the cause of one of the problems with society.

While this philosophy of Liberalism was developed to explain the position of individuals in society and the need for government and regulation of that society, the philosophy applies equally to organisations. Indeed, Liberalism considers that organisations arise within society as a mechanism whereby individuals can pursue their individual self-interests more effectively than they can alone. Thus, firms exist because it is a more efficient means of individuals maximising their self-interests through collaboration than is possible through each individual acting alone. This argument provides the basis for the theory of the firm, which argues that through this combination between individuals the costs of individual transactions are thereby reduced.

The concept of Utilitarianism was developed as an extension of Liberalism in order to account for the need to regulate society in terms of each individual pursuing, independently, his or her own ends. It was developed by people such as Bentham and John Stuart Mill who defined the optimal position for society as being the greatest good of the greatest number and argued that it was government's role to mediate between individuals to ensure this societal end. In Utilitarianism, it is not actions which are deemed to be good or bad but merely outcomes. Thus, any means of securing a desired outcome was deemed to be acceptable, and if the same outcomes ensued, then there was no difference, in value terms, between different means of securing those outcomes. Thus, actions are value neutral and only outcomes matter. This is of course problematical when the actions of firms are concerned because firms only consider outcomes from the point of view of the firm itself. Indeed, accounting

as we know only captures the actions of a firm insofar as they affect the firm itself and ignores other consequences of the actions of a firm. Under Utilitarianism, however, if the outcomes for the firm were considered to be desirable, then any means of achieving these outcomes was considered acceptable. In the nineteenth and early twentieth centuries, this was the way in which firms were managed and accounting information was used purely to evaluate actions and potential actions from the point of view of the firm itself. It is only in more recent times that it has become accepted that all the outcomes from the actions of the firm are important and need to be taken into account.

The development of Utilitarianism led to the development of economic theory as means of explaining the actions of firms. Indeed, the concept of perfect competition is predicated in the assumptions of Classical Liberal Theory. This is a problem because it encourages selfish and exploitative behaviour. So we can either believe that the market will mediate in an optimal way—which is complete nonsense—or we can suggest that ethical understanding will compensate—also nonsense. Or we must look for an alternative.

1.8 Regulation and Globalisation

All systems of governance are concerned primarily with managing the governing of associations and therefore with political authority, institutions and, ultimately, control. Governance in this particular sense denotes formal political institutions that aim to coordinate and control interdependent social relations and that have the ability to enforce decisions. Increasingly however, in a globalised world, the concept of governance is being used to describe the regulation of interdependent relations in the absence of overarching political authority, such as in the international system (Rajan 2008). Thus, global governance can be considered as the management of global processes in the absence of form of global government. There are some international bodies which seek to address these issues and prominent among these are the United Nations and the World Trade Organization. Each of these has met with mixed success in instituting some form of governance in international relations, but they are part of a recognition of the problem and an attempt to address worldwide problems that go beyond the capacity of individual states to solve (Rosenau 1999).

To use the term global governance is not of course to imply that such a system actually exists, let alone to consider the effectiveness of its operations. It is merely to recognise that in this increasingly globalised world, there is a need for some form of governance to deal with multinational and global issues. The term global governance therefore is a descriptive term, recognising the issue and referring to concrete cooperative problem-solving arrangements. These may be formal, taking the shape of laws or formally constituted institutions to manage collective affairs by a variety of actors—including states, intergovernmental organisations, non-governmental organisations (NGOs), other civil society actors, private sector organisations, pressure groups and individuals. The system also includes of course informal (as in the

case of practices or guidelines) or temporary units (as in the case of coalitions). Thus, global governance can be considered to be the complex of formal and informal institutions, mechanisms, relationships, and processes between and among states, markets, citizens and organisations, both inter- and non-governmental, through which collective interests on the global plane are articulated, rights and obligations are established, and differences are mediated (Tobin 2000).

Global governance is not of course the same thing as world government: indeed, it can be argued that such a system would not actually be necessary if there was such a thing as a world government. Currently, however, the various state governments have a legitimate monopoly on the use of force—on the power of enforcement. Global governance therefore refers to the political interaction that is required to solve problems that affect more than one state or region when there is no power of enforcing compliance. Improved global problem-solving need not of course require the establishment of more powerful formal global institutions, but it would involve the creation of a consensus on norms and practices to be applied. Steps are of course underway to establish these norms, and one example that is currently being established is the creation and improvement of global accountability mechanisms. In this respect, for example, the United Nations Global Compact⁷—described as the world’s largest voluntary corporate responsibility initiative—brings together companies, national and international agencies, trades unions and other labour organisations and various organs of civil society in order to support universal environmental protection, human rights and social principles. Participation is entirely voluntary, and there is no enforcement of the principles by an outside regulatory body. Companies adhere to these practices both because they make economic sense, and because their stakeholders, including their shareholders (most individuals and institutional investors), are concerned with these issues, and this provides a mechanism whereby they can monitor the compliance of companies easily. Mechanisms such as the Global Compact can improve the ability of individuals and local communities to hold companies accountable.

1.9 Conclusion

Sustainability is an important concept—indeed, many would argue that it is vital to the future of human activity on this planet. It is important to understand the implications of seeking and achieving sustainability, and there are many views on this. Naturally, a definitive view can only be arrived at through consensus, and collaboration is essential to achieving this. Equally, discourse is essential to this end. Equally, there are a multitude of aspects to sustainability which will be prioritised differently by different nations, organisations and individuals. The contributions to this volume might seem disparate, but they all represent views which seek towards that consensual view of sustainability and all start from the premise that achieving sustainability is

⁷See www.unglobalcompact.org.

essential to the future. We might not agree what is needed, but the discourse provoked leads to collaborative actions and therefore optimism for the future.

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Part I
Social

Chapter 2

Bring Back the Core Concepts of CSR—Indian Context



Prabir Kumar Bandyopadhyay and Phiza Moulavi

Abstract The term CSR is not new in literature, but it gained momentum from 1997 exponentially. This development may be attributed to various international initiatives like the Global Reporting Initiative and UN Global Compact. Indian industries also have taken CSR activities since the beginning. Traditionally, CSR in India is philanthropic-oriented, whereas the core concept of CSR is reducing the effect of the adverse impact of business processes on society and increase in value-added effect the purpose of the organisation. This study aims to confirm the hypothesis: industries are neglecting the core CSR issues and doing more on philanthropic activities, which is important but not a core component of CSR. As a result, the adverse impact of the business processes is not addressed adequately by the CSR activities. In India, philanthropy-oriented CSR got a fillip ever since Government of India (GOI) introduced the Companies Act 2013. Our study on CSR spending and the CSR projects of top 30 companies from the Economic times top 500 industries indicates that all are working compliance-oriented. In support of our hypothesis, we argue based on the findings from the extant literature and also by analysing various reports. We argue that the corporate sectors are not giving enough attention to the minimum regulatory-level environmental requirement; some instances are given.

Keywords CSR · CSR award · Philanthropy · Global compact

2.1 Introduction

The term CSR is not new in literature. Google Ngram Viewer indicates that it appeared along with the introduction of industrialisation in 1900. But it gained momentum from 1997 exponentially. This development may be attributed to various international initiatives like the Global Reporting Initiative and UN Global Compact. Indian industries also have taken CSR activities since the beginning. Traditionally, CSR in

P. K. Bandyopadhyay (✉) · P. Moulavi
Symbiosis International University, Pune, India
e-mail: prabirbandyopadhyay@sibmpune.edu.in

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India is philanthropic-oriented (Chahoud et al. 2007), whereas the core concept of CSR is reducing the effect of the adverse impact of business processes on society and increase in value-added effect. This paper aims to confirm the hypothesis: Indian industries are neglecting the core CSR issues and doing more on philanthropic activities, which is important but not a core component of CSR. As a result, the adverse impact of the business processes is not addressed adequately by the CSR activities.

In support of our hypothesis, we argue based on the findings from the extant literature and also by analysing various reports.

2.2 Mandated CSR in India

Before 1947, societal responsibility of business, though not named as CSR, was addressed by the Indian industrialists through philanthropic activities with religious sentiment. Post-1947, after achieving the independence, public sector industries were established with the developmental agenda motivated by M. K. Gandhi's trusteeship concept. Till date, national developmental goal predominates the CSR agenda in India and it gets formal recognition with the enactment of the Companies Act 2013. This made India the first country to mandate and quantify CSR expenditure. The law is intended to engage the business with the national developmental agenda (Corporate Social Responsibility, Fiinnovation).

The legal requirement as per Companies Act 2013, Section 135, on CSR adds further to the confusion. As per this law, companies that fall under the below categories are required to spend 2% of its average net profit for the immediate preceding 3 financial years on CSR:

(a) net worth of the company to be Rs. 500 crore or more; (b) turnover of the company to be Rs. 1000 crore or more; (c) net profit of the company to be Rs. 5 crore or more. The act identifies below activities as CSR:

eradicating extreme hunger and poverty, promotion of education, promoting gender equality and empowering women, reducing child mortality and improving maternal health, combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women and such other matters as may be prescribed.

It may be noted that "ensuring environmental sustainability" is one among many items. As a result, this law created an image of CSR, which is philanthropic activities.

This provision was criticised by several persons before its implementation, on the ground that it might be a hiding place for doing a bad work at home by doing an apparently good work outside, thereby increasing the image of the company despite not being good in conducting business activities, which gives more revenue (Maira 2013; Aiyar 2010; Venkatesan 2013).

Duke University's study on Responsible Business Practice in India, carried out in 2016, covered nine large organisations including a few multinationals (Rubin 2016). Though the report reported that some of the companies are doing appreciable work in certain area, all have issues and violations of the following nature:

1. Committed violations damaging to local stakeholders and the environment.
2. Practical adherence to the National Voluntary Guidelines (NVGs) lags considerably behind its fairly progressive policy infrastructure.
3. Violations of NVGs and their own corporate policies on many occasions—a phenomenon attributable to a lack of government oversight and regulation.
4. Grave violations of environmental regulations, labour rights, and the interests of local stakeholders.
5. Fall short of policies in its treatment of employees as expected by NVG.
6. Indicating a failure to incorporate the NVGs into company's core policy documents, regularly involved violations of the rights of clinical trial subjects, though this may be attributable to a lack of external regulation in addition to weak self-regulation mechanisms.

All these companies except one have received one or more CSR awards. It is evident from the above findings that Indian industries are still compliance-oriented and far from exceeding the requirement from the bare minimum acceptable standard.

The study on Corporate Social and Environmental Responsibility in India—Assessing the UN Global Compact's Role by German Development Institute (2007), comments: “The Indian CSR agenda continues to be dominated by **community development** activities, particularly in the areas of health and education. Community development approaches often amount to little more than window-dressing and must be compared to violations of social and environmental standards within companies” and “In India the **CSR multi-stakeholder approach** is still rather fragmented, and interaction between business and civil society organisations, especially trade unions, is still rare and takes place, at best, on an ad hoc basis.”

We have studied the CSR spending and the CSR projects of top 30 companies from the Economic Times' Top 500 industries. We found all of them are working as per the legal requirement as per Companies Act 2013, Section 135, on CSR. Some have even reported mapping of the provision of the law and corresponding activities. This goes in line with the findings presented in a paper in Economic and Political Weekly (EPW), by Sangeeta Bansal, Shachi Rai (Bansal et al. 2014). Thus, India has not progressed much in the past ten years in CSR spending (Chahoud et al. 2007). This does not mean that they are not working on reducing the negative impact of their business processes. Almost all have sustainability report prepared as per GRI-G3/G4 and NVG guidelines. Some have even got audited these reports by third party. It may also be mentioned that SEBI has made it mandatory for all listed companies to submit Business Responsibility Report (BRR) in line with NVG guidelines from August 2012. But we have to keep in mind that these reports are self-claimed and the auditors certify what they have reported. As we will see later in this paper, quite a few have incidences of violations of basic environmental and human rights laws.

'Report on Sustainability Reporting in India: Getting Better But Miles to Go', published by "sustainabilitynext" reports that quality of India's corporate sustainability reporting indicates critical advance. However, it lacks absence of reality of senior administration to sustainability, and the absence of will to make more noteworthy esteem. Leaders are sceptical about reporting on challenges such as accidents, fatalities or workforce unrest. It is often an exercise in public relations rather than a tool for contributing to a sustainable economy. Little proactive interest exists from users of the sustainability-related information such as consumers and governments. It is yet to take as a business case-driven voluntary approach and more driven by regulatory regime of disclosure.

CB Bureau Report, "Sustainability reports of some of India's biggest corporations: More PR than CSR" has pointed out the serious omission of critical issues in the reports of Reliance Industries Ltd. In case of Tata Power, the report stresses on various programmes and policies that are addressed like a standard CSR report but does not provide a factual understanding of the G4 aspects and hard data. Maruti Suzuki's report focuses on CSR community development and road safety initiatives.

We also refer to the Bloomberg database, which is considered to be reliable both in academics and corporates, for the environmental and sustainability-related reporting for the first thirty companies from the list of ET 500 companies. In Bloomberg, the environmental-related items like GHG/revenue, water/revenue, and water recycle % all are missing for GRASIM, BHEL, HDFC, ICICI, Power Finance, PNB, SAIL, SBI, Sun Pharma, Tata Steel (GHG), Union Bank. The rest 19 companies have addressed with some figures but except, NTPC, Mangalore Refinery, ITC, IOC, Motherson, Maruti Suzuki, TCS, Wipro, Vedanta all have the same value for low, high, and medium for each item, which is highly unlikely be the fact.

Even a report titled, "India's Top Companies for CSR & Sustainability 2015" by IIM, Udaipur (Majumdar et al. 2015), grouped CSR and sustainability in two separate components, which is contradictory to the worldwide understanding of CSR. The report is based on "CSR" and "sustainability" performance of about 200 companies from the Economic Times TOP 500 companies list 2012–13 and 2013–14. The factors considered for the ranking are governance, disclosure, CSR stakeholders and sustainability. On sustainability criteria, the average score is 39% of % maximum possible score, while the maximum score obtained is near to 50%. The average score on "governance" is 50%, and the maximum score received is about 85%. This indicates a lack of understanding of CSR as per Global Compact at various levels. Average spend on so-called CSR is reported both in absolute terms and as % of PAT as per the law, but resources spend on sustainability is not reported. In other words, how much priority the companies are giving on reducing the adverse impact of the business processes is not reported. The report also points out that on disclosure, the average score is 3.8 against the maximum score in the ranking criteria is 10, only 38% of the companies scoring higher than half of the maximum possible score.

From this, we may infer that the "CSR activities" as perceived in different literatures and by stakeholders in India do not check—"Earning money in a bad way and spending a fraction on good work," while "CSR is not about how you spend money

you make; it is about how you make the money you spend” (Kellie A. McElhaney’s, Haas School of Business at the University of California).

2.3 Recent Violations

To bring home the point that the corporate sectors are not giving enough attention to the minimum regulatory-level environmental requirement, some instances are given below.

2.3.1 *BHEL and NTPC*

The 2017 Annual Report of Council on Ethics for Norway’s Government Pension Fund Global (GPF) has recommended the exclusion of Bharat Heavy Electricals Limited (BHEL) from any investments. BHEL has been excluded on the grounds of environmental damage, and earlier on the same grounds, government-owned NTPC was excluded, which is involved in the construction of power plant (16 March 2018, <http://www.cenfa.org/coal/the-council-of-ethics-recommends-the-government-pension-fund-global-to-exclude-bhel/>).

2.3.2 *BPCL*

Kerala High Court accepted a public interest writ petition challenging the action of Bharat Petroleum Corporation Limited, Kochi Refinery, in regards to filling about 140 acres of paddy wetland violating the precondition given by the government for its expansion project (August 2016, <https://www.thehindu.com/news/cities/Kochi/Greens-allege-violation-of-govt.-order-by-BPCL/article14556553.ece>).

2.3.3 *Coal India*

About Coal India, Amnesty International Executive Director Aakar Patel said, “Abusive laws, poor enforcement of existing safeguards and corporate neglect of human rights are now leading Adivasi communities to oppose the expansion of the very mines they once thought would bring employment and prosperity until they receive a remedy for violations,” (July 2016, https://www.business-standard.com/article/pti-stories/human-right-violations-at-mines-run-by-coal-india-amnesty-116071301103_1.html).

2.3.4 NTPC

An expert panel of the environment ministry asked the company to “look for alternatives instead of merely sprinkling water on coal to prevent dust from blowing out of open wagons” which violates the green norm (Chakravarti 2017).

2.3.5 Vedanta

Norway’s Government Pension Fund Global (GPF), UK-based Vedanta Resources Plc., first excluded in 2007, once again made its way to the GPF’s exclusion list. The council recommended against the re-introduction of Vedanta in the GPF’s investment universe, stating that “in the council’s view there continues to be an unacceptable risk that your company will cause or contribute to severe environmental damage and serious or systematic human rights violations” (March 2017, <https://thewire.in/business/norway-wealth-fund-blacklists-vedanta-indian-firms>).

In May 2018, nine people died out of Police Firing at Sterlite Copper Smelting Plant, (a Vedanta Group company) Tuticorin, while demonstrating against the violation of environmental regulations. In March 2013, hundreds of people suffered breathing difficulty, nausea and throat infection following an alleged gas leak from the same plant (<https://www.ndtv.com/tamil-nadu-news/police-open-fire-as-anti-sterlite-protests-turn-violent-in-tamil-nadu-1855864>).

2.4 CSR Award

Soon after the introduction of Companies Act 2013, Section 135, on CSR, there is a sharp rise in CSR Award schemes by different organisations. We could identify fifteen such awards. Most of the awards are given based on CSR projects, which are philanthropic-oriented. And many award-winning organisations are facing criticism/charges for violating green regulatory norms and human rights violations.

2.5 Conclusion

Against this background, it may be concluded that though the intent of Companies Act 2013, Section 135, on CSR of India is a novel one, it is diverting the public attention from the core CSR issues—sustainable production of products and services and addressing the concerns of all stakeholders. The provisions of this law give a scope to the defaulting organisations to get away by doing a bit philanthropic jobs and even get awarded at many times. In other words, it may be concluded that the

initial apprehensions of experts like Maira (2013), Aiyar (2010) and Venkatesan (2013) at the very birth of this mandated provision proved to some extent true. The regulatory authorities still required to play a vital role. If we define ethics as, how I behave when not observed, the ethical values as practised by the industries at large is questionable. To save CSR in Indian context, the call of the day is to differentiate CSR from corporate philanthropy. **The law may appropriately be amended, and it must be tagged with** National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, Ministry of Corporate Affairs, GOI, 2011. As studies have indicated that CSR award positively related to stock value and image of the award winners, CSR award must be based on holistic CSR criteria and project-based CSR Awards may be discouraged.

We also suggest that the priority of CSR activities in India should be: first on meeting regulatory requirements by letter and intent ethically, which means “how I behave when not observed”, second may be focusing on philanthropy, third “improving operational effectiveness” and followed by “transforming the business model”. The last three have been mentioned by Rangan et al., *The Truth About CSR*, HBR January–February 2015.

The international community may also learn from the findings, presented in this paper, that if the legal provisions are made inappropriately, the law may be counter-productive.

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Chapter 3

CSR Interventions in India Under State Invitation: An Artisans' Perspective on 'Adopt a Heritage' Programme



P. N. Sankaran

Abstract 'Democratising Heritage' is considered to be a highly transformative approach to the concept of heritage, management of cultural property and its conservation worldwide. To deliberate on the emerging global approach and validate its multi-faced applications in diverse fields, experts drawn from a cross-section of the world by the International Council on Monuments and Sites (ICOMOS) assembled in Delhi, India towards the end of 2017 and adopted the Delhi Declaration on Heritage and Democracy-2017. Though India continues to be the largest democracy in the world (which in fact was the reason for holding the event in the country's capital), the 'Adopt a Heritage' programme of India launched in early 2018, under invited participation of corporate entities through CSR, is found to have missed the people-based approach to heritage management and conservation. Besides, the project provides no space for preservation, protection and promotion of traditional crafts/craftsmanship, which according to the views of UNESCO on intangible heritage merits equal attention in all programmes of intangible heritage management. Though the mandatory CSR activities approved by the Indian Companies Act, 2013 include 'protection of national heritage, art and handicrafts', the heritage adoption project may fail craftsmen—their livelihood, continuation of craft skills, identity and pride. In the above backdrop, the paper takes a holistic view of these concerns, in terms of an artisans' perspective on India's 'Adopt a Heritage' programme-2018.

Keywords Intangible heritage · Vision bidding · Traditional artisans · Democratizing heritage · Creative industries · Traditional knowledge

3.1 Introduction

'Adopt a Heritage' scheme was launched by the President of India on World Tourism Day, 27 September 2017. It is an initiative of the Ministry of Tourism, in collabo-

P. N. Sankaran (✉)

Development Economist, #102, Lal Gulab Manor, 12th Cross, Sadashiva Temple Road, R.S. Palya, M.S. Nagar P.O., Bengaluru 560 033, India
e-mail: pnsankaran2018@gmail.com

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ration with the Ministry of Culture and the Archaeological Survey of India (ASI). Under it, the government invites entities, including public sector companies, private sector firms as well as individuals, to develop selected monuments and heritage and tourist sites across India. Development of the sites includes provision and maintenance of basic amenities—drinking water, ease of access for the differently abled and senior citizens, standardised signage, cleanliness, public comfort and illumination, advanced surveillance systems, night viewing, tourism facilitation centres, etc. From among the applicants, selection will be made as *Monument Mitras* on the basis of the infrastructure gap analysis of the monument/site they plan to adopt and quality of Vision Bidding (without any financial bid), mirroring the developments they intend to execute within the time frame of five years. The scheme envisages private parties ‘adopting’ monuments to utilise their CSR funds for the purpose. Monument Mitras, in turn, will get limited visibility through brand promotion on the site premises and the Incredible India website. Despite the transformative people-based approach to management/conservation of heritage visualised by the participants from the International Council on Monuments and Sites (ICOMOS) and Delhi Declaration on Heritage and Democracy (2017) that followed, the Indian scheme of Adopt a Heritage is found to be insensitive to the global developments in the field (of heritage management/conservation), particularly the conservation dimension of intangible heritage associated with traditional crafts/craftsmanship. Similarly, though CSR activities listed under the mandatory provisions in the Indian Companies Act, 2013, also envisage *protection of national heritage, art and handicrafts*, private initiatives have not been commendable in the field. Unless these glaring gaps are addressed, the case for protection/preservation/ promotion of traditional crafts/craftsmanship may continue as a neglected issue even in domain development interventions. Conceived in the above perspective, the paper attempts at developing an artisans’ perspective on ‘Adopt a Heritage’ scheme of India 2018. The paper is structured as follows. Section 3.2 presents the mandatory CSR provisions in the Indian Companies Act, 2013, and the involvement of India Inc in CSR post-2014. Features of the ‘Adopt a Heritage’ scheme are outlined in Sect. 3.3. In Sect. 3.4, an artisans’ perspective on Adopt a Heritage programme, an attempt is made to situate them in the programme in terms of the framework of stakeholder collaboration as a basic principle in heritage tourism. The stakeholder perspective is also examined in the section through the lens of Delhi Declaration on Heritage and Democracy, 2017. Section 3.5 puts forth conclusions of the paper.

3.2 Mandatory CSR in India: Introduction and Activity Spread

(i) *The Indian Companies Act, 2013 and CSR*

CSR spending in India is not new. However, ever since the inclusion of mandatory CSR in the Companies Bill 2010, which has since been passed by the Parliament

in 2013,¹ the issue has raised a lot of expectations among different sectors and stakeholders. Relevant provisions of the Act and activities envisaged are summarised below.²

(ii) *Mandatory provisions*

According to Section 135 of the Act, every company (having net worth of INR five hundred crore or more, or turnover of INR one thousand crore or more or a net profit of INR five crore or more during any financial year) has to *constitute a CSR Committee of the Board to formulate a CSR Policy* (indicating the activities to be undertaken as outlined in Schedule VII) and *recommend the amount of expenditure to be incurred and monitor its CSR Policy*. The board has to: approve the CSR Policy, disclose its contents and ensure that the company spends, in every financial year, at least two per cent of the average net profit made during the three immediately preceding financial years, giving preference to the local areas for its CSR activities. Provisions to deal with noncompliance are also incorporated in the Act.

(iii) *CSR activities (under Schedule VII of the Act, effective from 1 April 2014)*

The Schedule, amended three times subsequently,³ includes the following:

- Eradicating hunger, poverty and malnutrition;
- Promoting education, vocational skills and employability;
- Promoting gender equality in diverse fields, particularly for backward groups;
- Ensuring environmental sustainability and ecological balance;
- *Protection of national heritage, art and handicrafts;*
- Training to promote sports;
- Contribution to the Prime Minister's National Relief Fund (PMNRF) or any other fund set up for socio-economic development and welfare of weaker sections;
- Contribution or funds provided to technology incubators in academic institutions; and
- Rural development projects.

¹Ministry of Corporate Affairs, Government of India, had issued '*Voluntary Guidelines on Corporate Social Responsibility, 2009*' as a first step towards mainstreaming the concept of Business Responsibilities. This was further refined subsequently, as '*National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011*' envisaging a set of nine principles on responsible business conduct. These principles were subsequently translated into a mandatory provision of CSR in Section 135 of the Indian Companies Act, 2013.

²See: GoI (2013, 2014) for more details. See also: Handbook on Corporate Social Responsibility in India (2013), developed by PwC India for Confederation of Indian Industry.

³First amendment, 31 March 2014; second amendment, 6 August 2014; and third amendment, 24 October 2014 of the M/o Corporate Affairs, Government of India.

The mandatory CSR requirement in India has generated considerable debate⁴ and comparisons. According to the Doing Good Index (DGI)⁵ of the Centre for Asian Philanthropy and Society (CAPS), India is just ‘Doing Okay’ in CSR along with Pakistan and China, just ahead of Indonesia and Myanmar (CAPS 2018). Following the more participatory CSR model of Turaga and George (2014), shifting the focus from business actions to the stakeholders impacted by corporate actions, the present paper looks at the issue (of heritage adoption) from the perspective of a neglected category of stakeholders—traditional artisans—who are increasingly replaced by corporate entry into handmade local production using inherited skills in crafts, construction and utility goods. It is in the above backdrop that the present paper has proposed an artisans’ perspective on adopting a heritage project driven mainly under CSR support.

(iv) *CSR spend and activities of companies in India*

India is neither the first nor the only country in the world to have statutorily mandated CSR for certain corporate entities, as defined in the Companies Act, 2013.⁶ However, it has given rise to many concerns among academics and the stakeholders. Apart from the concerns noted already, these range from formulation of CSR policies; issues of compliance and disclosures; capacity constraints; optimal utilisation of CSR spend for the benefit of the target communities; to effective mechanism for monitoring its implementation by the companies (GoI 2015, p.v). Despite the number of widely shared concerns indicated above, only the last issue—mechanism for monitoring its implementation—has received so far the attention of the government, leading to the appointment of the High Level Committee 2015.⁷ Recently, the government has set

⁴Those in favour of the mandate argue that industry spending on CSR will always be inadequate unless mandated by law. It is also found that there is a positive correlation between CSR and profit in Indian companies (Rai and Bansal 2014). According to the critics, industries believe that it is an additional burden and will hurt their ability to invest (Venkatesan 2013). Defining the activities that count as CSR stifles the innovative ways in which companies can spend for social good (Gopalakrishnan 2013). Others hold that social responsibility should be assessed based on the way businesses address the social impacts of their core operations, not on the basis of how much they spend on activities unrelated to their core business (Maira 2013).

⁵The Doing Good Index (DGI) is a first-of-its-kind study based around a set of indicators that taken together show the regulatory and institutional infrastructure that enables or impedes philanthropic giving. The performance of the economies in the DGI falls into four clusters, each of which can be thought of in terms of the distance left to travel towards a conducive environment for doing good. For 2018, these clusters are: *Doing Well* (Japan, Singapore, Taiwan); *Doing Better* (Hong Kong, Korea, Malaysia, Philippines, Sri Lanka, Thailand, Vietnam); *Doing Okay* (China, India, Pakistan); and *Not Doing Enough* (Indonesia, Myanmar). See: CAPS (2018).

⁶Countries such as Mauritius, Indonesia, Philippines, the UK, Saudi Arabia and China have mandatory CSR. Similarly, there are mandatory CSR reporting requirements in several countries, including Sweden, Norway, The Netherlands, Denmark, France and Australia. <https://shilpithapar.com/2014/06/09/corporate-social-responsibility-csr-in-india-whether-an-innovative-legislation-its-consequences>. Accessed 21 April 2016.

⁷The High Level Committee (to suggest measures for improved monitoring of the implementation of CSR policies) was constituted by the Ministry of Corporate Affairs, Government of India on 3 February 2015. The Committee submitted its report in September 2015.

up a 12-member panel also to review the enforcement of CSR provisions.⁸ Since 2014–2015 was the first year of implementation of CSR Policy, complete information on the amount spent and related issues in implementation was not available for the Committee for fruitful reporting. In order to improve CSR delivery to the satisfaction of companies and their stakeholders, the Committee felt that all information relating to implementation of CSR by companies including amount spent, activities undertaken, geographical areas covered, etc., as reported by the companies in their annual disclosure need to be compiled by the Ministry of Corporate Affairs and placed in the public domain (GoI 2015, p. 31).

CSR expenditure of 460 listed companies, which have placed their annual reports on their website, indicates that 51 Public Sector Undertakings (PSUs) and 409 private sector companies together spent INR 6337.36 crore (INR 2386.60 crore and INR 3950.76 crore, respectively) during 2014–2015.⁹ Top 20 companies (private and public) have spent INR 3542.09 crore on CSR during financial year 2014–2015. Thirty-six states/union territories have undertaken 1790 CSR projects during financial year 2014–2015.

During the first year of CSR norms implementation (2014–2015), the total expenditure stood at Rs. 9564.77 crore. Out of the total amount, more than 70% came from private sector companies. These entities' share is Rs. 19,948.86 crore during the period from 1 April 2014 to 30 November 2017. Health/eradicating hunger/poverty and malnutrition/safe drinking water/sanitation; education/differently abled/livelihood; rural development; Swachh Bharat Kosh; Clean Ganga Fund and gender equality/women empowerment/old age homes/reducing inequalities are among the areas where the CSR money has been spent. Sector-wise CSR spend during April 2014–November 2017 is presented in Table 3.1.

An analysis of data (in Table 3.1) compiled by the corporate affairs ministry showed that a total amount of Rs. 28,111.63 crore has been spent on CSR activities by eligible companies during the period from 1 April 2014 to 30 November 2017. It is observed from the table that projects under education/differently abled account for the highest share (33.14%) of CSR spend, followed by health/hunger/poverty and

⁸GoI, M/o Corporate Affairs has appointed a 12 member Panel to Review CSR Enforcement under Companies Act, 2013, on 4 April 2018. The panel will revisit Schedule VII (list of CSR activities) of Companies Act, 2013, on the basis of references received from stakeholders, including ministries and departments of Centre and States, Members of Parliament, member of state legislatures and civil societies. <https://timesofindia.indiatimes.com/business/india-business/govt-appointed-panel-to-review-csr-enforcement-under-companies-law/articleshow/63699792.cms>. Accessed 7 June 2018. Subsequently an eleven member HLC on CSR was also constituted on 28 September 2018 to review the existing framework and guide and formulate the roadmap for a coherent policy on CSR (The HLC was reconstituted with 14 members on 11 October 2018 with the same mandate). www.mca.gov.in. Accessed 22 October 2018.

⁹This was stated by the Minister of Corporate Affairs in a written reply to a question in the Indian Parliament on 26 February 2016. See: http://www.indiacsr.in/en/activities-by-companies-under-csr-in-india/?utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+indiacsr%2FjMaQ+%28INDIA+CSR%29. Accessed 3 March 2016. **ANNEXURE REFERRED TO IN THE REPLY TO LOK SABHA UNSTARRED QUESTION NO. 656.**

Table 3.1 Sector-wise CSR expenditure in India (April 2014–November 2017) (Rs. Crore)

Head	Total	%
Education/differently abled	9316.33	33.14
Health/hunger/poverty and malnutrition/sanitation	7913.85	28.15
Rural development	2987.15	10.63
Other sectors (benefits to armed forces, etc.)	2785.05	9.91
Environment, animal welfare, etc.	2020.79	7.19
Gender equality/old age homes	626.73	2.23
Prime Minister's national relief fund	526.93	1.87
Swachh Bharat Kosh	507.11	1.18
Heritage, art and culture	278.16	0.99
Encouraging sports	239.85	0.85
Slum area development	116.64	0.41
Clean Ganga fund	60.13	0.21
Others	732.91	2.61
Total	28,111.63	100.00

Source LOK SABHA Q AND A, reported as CSR break-up, *The Hindu Daily*, **13 August 2018**, OPED (Data Point), p. 11

malnutrition (28.15%); however, heritage, art and culture form only a small portion (0.99%) of the total spend. According to an analysis by Confederation of Indian Industries (CII), a total of 1522 Bombay Stock Exchange (BSE)-listed companies spent Rs. 8897 crore in 2016–2017 out of a total of Rs. 9680 crore, which they were required to spend on social welfare as per the law. As part of CSR-related activities, BSE-listed companies spent the maximum on sports development, followed by heritage, gender equality and environment, according to the survey. Experts also feel that the CSR work done by the companies should be inspected by the government. It is observed that India Inc's CSR funding embrace wealthiest cities and backward districts lag behind (Dubey 2018). It is also noted that the Culture Ministry has received only Rs. 9.04 crore from the private sector as part of their CSR, during 2015–2017 for development works at select monuments (Reported by PTI, based on discussions in the Lok Sabha: Posted: 23 Jul 2018 05:35 a.m. PDT).

3.3 ‘Adopt a Heritage’ Project-2018: A CSR Intervention Under State Invitation^{10,11}

(a) *Heritage: An introduction*

Towse (1997, vol. 2) says ‘heritage consists of stock of artistic capital acquired by past generations and handed on to the present one. Like the wider concept of culture, it moulds our perceptions and values, and hence our notion of what art is or should be. The heritage consists not only of tangible objects, such as those to be found in museums or in buildings, parks and gardens, areas of natural beauty, archaeological sites and like; it also consists of *inherited traditions of performance and execution*. How much of past artistic capital has been invested to achieve the present heritage is clearly an outcome of economic decisions as is the allocation of resources for its preservation and discovery’.¹²

By the end of the twentieth century, the scope of heritage, in general, was agreed internationally to include *tangible and intangible heritage* as well as environments. To better inform the international communities, in 1999 UNESCO clarified the scope of tangible values as cultural properties to include monuments, groups of buildings and sites (Article 23:5) and the scope of environments as natural properties (Article 43:10) and adopted the Convention for the Safeguarding of the Intangible Cultural Heritage (UNESCO 2003), which defines ‘intangible cultural heritage’ as follows:

The practices, representations, expressions, knowledge, skills—as well as the instruments, objects, artefacts and cultural spaces associated therewith—that communities, groups and,

¹⁰The ‘Aspirational Districts Programme (ADP)’, launched in January 2018, which seeks to rope in the corporate agencies also in the implementation of the programme, is another case of CSR initiative under state invitation. According to the National Institution for Transforming India, NITI Aayog (2018a), [T]he ‘Transformation of Aspirational Districts’ Programme aims to expeditiously improve the socio-economic status of 117 districts from across 28 states. The three core principles of the programme are—Convergence (of Central & State Schemes), Collaboration (among citizens and functionaries of Central and State Governments including district teams) and Competition among districts. The programme focuses on five main themes—Health & Nutrition, Education, Agriculture & Water Resources, Financial Inclusion & Skill Development, and Basic Infrastructure, which have direct bearing on the quality of life and economic productivity of citizens. Eighty-one data-points are tracked regularly through a dashboard. See also: NITI Aayog (n.d., 2018b).

¹¹Another example is an invitation to participate in the organisation of a religious festival. Uttar Pradesh government has invited private houses to utilise their CSR fund to set up infrastructure (setting up tent cities, water ATMs, temporary latrines or even help the State government in controlling sewerage system) in the *Kumbh Mela* ground, to be used at the *sangam* in Allahabad from 15 January to 9 March 2019. An advertisement by the Uttar Pradesh government carried in national newspapers on 28 June 2018 invited bids for CSR and partnerships for *Kumbh Mela*. It is possibly for the first time that a State government of India has issued an advertisement calling for CSR contribution for a religious gathering. The Uttar Pradesh Prayagraj Mela Authority Bill was passed in the assembly on 22 December 2017 for smooth conduct of the *mela* (<https://www.dailypioneer.com/nation/up-government-calls-for-use-of-csr-fund-for-kumbh.html>). Accessed 28 July 2018). It is reported that Allahabad has been renamed as *Prayagraj* on 16 October 2018.

¹²For a brief account of the scope and definitions of ‘heritage’ as promulgated by the various charters across the globe, see: Ahmad (2006).

in some cases, individuals recognise as part of their cultural heritage. This intangible cultural heritage, transmitted from generation to generation, is constantly recreated by communities and groups in response to their environments, their interaction with nature and their history, and provides them with a sense of identity and continuity, thus promoting respect for cultural diversity and human creativity (Article 2:2).

This includes oral traditions and expressions, language, performing arts, social practices, *traditional craftsmanship*,¹³ rituals,¹⁴ and festive events.¹⁵ A number of heritage monuments currently found in India are a testimony to the very rich historical background it has in art and culture. Many of these monuments are declared as World Heritage sites by UNESCO.¹⁶ Article 49 of the Indian Constitution deals with the protection of monuments and places and objects of national importance.

(b) *Adopt a heritage project: Vision, objectives and approach*

India's rich heritage is abundantly reflected in the form of numerous temples, palaces, monuments, forts, etc. This has led to the increase in India's tourism particularly in the heritage sites. There is a need to develop a robust mechanism for the provision of basic amenities on an immediate basis and advanced amenities on a long-term basis.

Vision: Ministry of Tourism in close collaboration with Ministry of Culture and Archaeological Survey of India (ASI) envisages developing the heritage sites, monuments and other tourist sites by making them tourist-friendly to enhance the tourism potential and their cultural importance, in a planned and phased manner.

Objectives: Objectives of the project are to:

- Develop basic tourism infrastructure in and around heritage monuments and tourist sites;
- Inclusive tourist experience for heritage site/monument or tourist site;
- Promote cultural and heritage value of the country to *generate livelihoods of local communities* of respective heritage site/monument/tourist site;
- Enhance the tourist attractiveness in a sustainable manner by developing world-class infrastructure at heritage site/monument or tourist site;
- *Create employment through active involvement of local communities*; and
- Harness tourism potential for its multiplier effects in employment generation and economic development.

¹³In India, traditional craftsmen mainly belong to *Vishwakarma* community. According to the ancient texts of India, *Vishwakarmas* are the descendants of the divine creator Vishwakarma. They comprise a community of five sects of people, the sects named after the five Shilpi Rishis Manu, Maya, Thwashta, Silpi and Viswajna. Later these sects, based on their professional status, were named as blacksmiths, carpenters, bronzesmiths and makers of utensils, sculptors and goldsmiths.

¹⁴For example, before cutting a tree for new building/temple works, Vishwakarma carpenters follow the practice of taking permission from the tree so that birds with nests on top can safely move out.

¹⁵For Vishwakarma craftsmen, the most important festive event is *Vishwakarma Day*. It is also known as *Vishwakarma Jayanti* or *Vishwakarma Puja*, generally celebrated every year on 17 September.

¹⁶For an interesting discussion about the history of built heritage in India, particularly Ajanta caves, Ellora caves and Khajuraho, see: Murty and Suchetamurty (2004, pp. 17–26).

Approach: ASI protects 3686 ancient monuments and archaeological sites including 36 world heritage sites, giving a glimpse of the sheer richness, variety and diversity in India. These monuments form an integral part in promoting tourism by attracting domestic and international tourists in the country. To tap the true potential of these monuments, the country needs to provide basic and advanced amenities, illumination, night viewing facilities with safety and security to tourists, adaptive use of heritage site within permissible guidelines of ASI and an overall enhanced tourist experience that will result in increase of domestic and foreign tourist footfall. Hence, the heritage site/monument or any other tourist site is selected on the basis of tourist footfall and visibility. The project entails to handover heritage sites and monuments for adoption to the private and public sector companies and individuals (who would be known as ‘*Monument Mitras*’) for providing basic amenities and complete operation and maintenance (O&M) initially for the five years subject to review at any time, regular monitoring and feedback mechanism from all the stakeholders including tourists. The assessment of need gap and existing service levels would be carried out for heritage sites as a joint exercise of the ‘proposed Monument Mitras’, Ministry of Tourism, Ministry of Culture and ASI.

Monument Mitras: Public/Private sector companies or individuals successfully selected through the process of ‘*Vision Bidding*’, on a competitive basis for the project shall be called as Monument Mitras. Various roles and responsibilities of the Monument Mitras are as mentioned below:

- Prepare Vision Bidding document for all the heritage sites/monuments that they plan to adopt;
- Carry out need gap analysis in each of the heritage site/monument or tourist site that they are taking up for adoption;
- Get the necessary approvals, clearances, etc. from administrative and regulatory bodies;
- Do the entire end to end work of creation of assets and services of the required levels and standards as per approved vision proposal and MoU;
- Carry out Operations and Maintenance (O&M) of the assets and services created; and
- Assist the Implementation Committee in the mid-course corrections and provide feedback in a periodic manner.

In addition to associated pride in adoption of India’s key heritage monument, Monument Mitras get opportunities for their brand promotion in lieu of their CSR initiatives under the project subject to approval by the Oversight & Vision Committee. The project is initially proposed to be implemented for five years subject to the review of the performance at any time (GoI 2017a).

According to clarifications issued subsequently by the GoI (2018), the project envisages limited ‘access’ to non-core areas and ‘no handing over of monuments’ are involved. In the first phase, 31 agencies have been approved to adopt 95 monuments/tourist sites located across India including Mt. Stok, Ladakh, J&K; Trail to Gaumukh in Uttarakhand; Red Fort in Delhi; and Gandikota fort in Andhra

Pradesh. Adopt a Heritage is essentially a non-revenue generating project. It is part of responsible tourism where the ‘Monument Mitra’ essentially spends its CSR funds for upkeep and maintenance and gets limited visibility. Hence, agencies are selected on the basis of the unique concept of *vision bid* and no financial bid is involved. Vision Bidding is the detailed proposal required to be submitted by the bidders post shortlisting carried out at EoI stage. The proposal preparation would require detailed situational analysis of the identified site, preparation of development plan, operations and maintenance framework, visibility and promotion plan as per detailed process outlined in the scheme guidelines (GoI 2017b) (file:///C:/Users/user/Desktop/Adopt%20A%20Heritage.htm Accessed 28 July 2018). It would be mandatory for Monument Mitra, who is opting for a monument from green category¹⁷ to choose at least one site from either orange or blue category. However, the Monument Mitra will have full flexibility to choose any number of monuments from orange/blue without opting in green category. The interested parties selecting more numbers of monuments from orange and blue category shall be given higher weightage.

Status of adoption: Initially, 93 ASI monuments were placed on offer to be selected as a package to the private- and public-sector companies and individuals to develop tourism friendly amenities in the heritage sites, based on Vision Bidding. Sites being adopted under different phases of the project are indicated in Table 3.2.

This is not the first time the government has tried to rope in the corporate sector to help maintain tourist sites and monuments. It commenced with the India National Culture Fund (1996).¹⁸ Since then, 34 projects have been completed under it through PPP. Another scheme was ‘Campaign Clean India’ under which the India Tourism Development Corporation adopted Qutub Minar as a pilot project in 2012, while Oil and Natural Gas Corporation adopted six monuments—Ellora Caves, Elephanta Caves, Golkonda Fort, Mamallapuram, Red Fort and Taj Mahal—as part of its CSR (Bhargava 2018). In the above backdrop, it is interesting to look at the views for and against the heritage adoption scheme 2018. The scheme is similar to the way Indira Gandhi International Airport, New Delhi, is being operated by Delhi International Airport Limited (DIAL), a private consortium led by GMR group since May 2006, which was earlier maintained by the Indian Air Force and then Airports Authority

¹⁷Sites open for adoption have been classified into Green, Blue, Orange and Others in order to prevent concentration in some and neglect of those in dire need of infrastructure development.

¹⁸The M/o Culture, GoI, has a number of schemes of financial assistance for the preservation and development of cultural heritage. A notable initiative is the *India National Culture Fund (NCF)*, launched on 29 March 1997 which aims at *inviting the participation of corporate sector*, NGOs, state governments, individuals, etc. in the task of promoting, protecting and preserving India’s cultural heritage, both tangible and intangible. Since inception, NCF has taken up a number of monuments for protection and conservation under support from various corporations/organisations including SBI, ONGC, STC, NTPC, Bokaro Steel Plant etc. The following Table 3.3 presents few cases. Projects that can be sponsored under NCF include, inter alia, *improvement and up-gradation of existing museums and commissioning of new ones in the vicinity of existing cultural property*. However, the activities of the NCF are found to be lagging after 2012 (Annual Report of NCF is not available beyond 2011–2012).

Table 3.2 Sites adopted under different phases of the project^a

List of 14 active projects under adoption in phase I

Hampi, Karnataka (Green); Leh Palace, Jammu & Kashmir (Blue); **Qutub Minar, Delhi** (Green); **Ajanta Caves, Maharashtra** (Blue); Purana Qila, New Delhi (Blue); Safdarjung Tomb, New Delhi (Blue); Agrasen Ki Baoli, New Delhi (Other); Gangotri temple area & trail to Gaumukh, Uttarakhand (Others); Mt. Stok Kangri (Ladakh, J&K) (Others); **Sun Temple, Konark, Odisha** (Green); Ratnagiri Monuments, Odisha (Orange); Raja Rani Temple, Bhubaneswar, Odisha (Others); Jantar Mantar, New Delhi (Blue); Mattancherry Palace Museum, Kochi, Kerala (Green)

List of 22 sites opted under phase II

Taj Mahal, Agra (Corridor) (Green); Itimad-Ud-Daula, Agra (Orange); Red Fort, Agra (Green); Golconda Fort, Hyderabad (Green); Rock Cut Hindu Temple, Undavalli, Guntur (Blue); Ramappa Temple, Palampet, Telangana (Others); Kotla Feroz Shah, Delhi (Orange); **Khajuraho, Madhya Pradesh** (Green); **Elephanta Caves, Maharashtra** (Green); Jaisalmer Fort, Rajasthan (Others); Kolaba Fort, Alibaug (Orange); **Old Goa Churches, Goa** (Blue); Aguada Jail, Goa (Others); Sassoon Docks, Mumbai (Others); Char Minar, Hyderabad (Green); Udayagiri & Khandagirisites, Bhubaneswar (Blue); Gandikota Fort, Kadapa, Andhra Pradesh (Others); **Red Fort, Delhi** (Green); Gol Gumbaz, Bijapur (Green); Adham Khanfort, Delhi (Others); Bio Diversity Park, Vasant Kunj, Delhi (Others); Bhuli Bhatiyari, Delhi (Others)

List of 20 sites opted under phase III

Nalanda, Bihar (Green); **Mahabodhi, Bihar** (Others); Sanchi Stupa (Orange); Nahargarh Fort, Jaipur (Others); Surajkund, Faridabad (Others); Khan-I-Khana, Delhi (Others); Tipu Palace, Bengaluru (Orange); Kumbhalgarh Fort, Kumbhalgarh (Others); Basilica Bom Jesus, Goa (Others); Amer Fort, Jaipur (Others); Qutub Shahi Tombs, Golconda, Hyderabad (Others); **Humayun Tomb, Delhi**; *Kaziranga National Park, Assam*^b (Others); Sibsagar Monuments, Assam (Orange); Mothki Masjid, Delhi (Others); Tomb Lado Sarai, DDA Park, Delhi (Others); Mosque, Lado Sarai Village, Delhi (Others); Tomb Lado Sarai Village, Delhi (Others); **Mahabalipuram, Tamil Nadu** (Orange); **Ellora, Aurangabad, Maharashtra** (Green)

Source GoI, Ministry of Tourism www.adoptaheritage.in. Accessed 5 August 2018

^a 14 properties in bold and underline indicate *cultural properties* included in the UNESCO World Heritage list of properties

^b *Natural property* included in the UNESCO World Heritage list of properties

of India. According to Mishra (2018), it is a noble approach and initiative by Government of India to engage CSR to preserve glories of our past for our future. Art critic Gayatri Sinha is of the view that the nomenclature of the scheme itself is puzzling. ‘Adopt a Heritage’ hardly specifies that the ‘heritage’ is only material property. *Bharathanatyam* (a performing art) or Varanasi weaving (a handicraft) also qualifies as ‘heritage’. Similarly, ‘adopt’ suggests that our heritage is indeed orphaned and may be rescued only through adoption and that the act of adoption confers identity through naming (Sinha 2018). The project has kicked up a storm with the adoption of iconic Red Fort in Delhi by a private entity, Dalmia Bharat.¹⁹ Whether the real issues around monument management and preservation will become subservient to

¹⁹ A Four Party MoU was executed on 13 April 2018 by the M/o Tourism; M/o Culture; Archaeological Survey of India; and Dalmia Bharat Limited to take up the Red Fort-Delhi monument/site under ‘Adopt a Heritage’ project.

Table 3.3 Monuments taken up for protection and conservation under India national culture fund

No.	Monument	Year	Name of the corporate/organisation
1	Hanuman Tomb, New Delhi	1999	Agha Khan Trust & M/s Oberoi Group of Hotels
2	Jantar Mantar, New Delhi	2000	M/s Apeejay Surendra Park Hotels
3	Pardesi Synagogue Clock Tower, Kochi	2001	World Monuments Fund, New York
4	Group of monuments in various parts of India	2001	Indian Oil Corporation & Indian Oil Foundation
5	Taj Mahal, Agra	2001	M/s Indian Hotels Company Ltd.
6	Lodhi Tomb, New Delhi	2006	M/s Steel Authority of India Ltd.
7	Krishna Temple, Hampi	2008	Hampi Foundation & World Monuments Fund, New York
8	Hidimba Devi Temple, Manali	2008	UCO Bank, Chandigarh Branch
9	Shore Temple, Mahabalipuram	2011	M/s Shipping Corporation of India

Source Press Information Bureau Report, 16 August 2011

the interests of tourism is a very real concern. While the Red Fort earned Rs. 6 crore in 2014 from the visitors, under ‘lease’ Dalmia is investing only Rs. 5 crore an year. In effect, the money generated by the scheme is less than the annual ticket sales on the site. Heritage conservation is also not the area of expertise of the Monument Mitra of Red Fort–Dalmia Bharat (Sinha 2018). Environment activist Prerna Bindra is also a critic of the Adopt a Heritage scheme, which is inclusive of several wildlife sites, home to the world’s most endangered creatures. According to her, the involvement of private entities in wildlife habitats under the adoption scheme is fraught with even more complexities—ecological disaster, unsustainable mega-tourism, etc. Lack of sensitivity to environment laws and the true meaning of conservation and non-inclusion of the M/o Environment in the ‘Vision and Oversight’ Committees are also problematic (Bindra 2018).

3.4 An Artisans’ Perspective on Adopt a Heritage Programme (AHP)

(a) *AHP as heritage tourism: Towards space for artisans as stakeholders*

The importance of preserving cultural heritage through tourism is receiving increasing attention (Garrod and Fyall 2000). However, the relationship between heritage and tourism is frequently characterised by contradictions and conflicts whereby conservationists perceive heritage tourism as compromising conservation goals for profit (Nuryanti 1996). In order to minimise these threats, there is a need for dialogue, cooperation and *collaboration among the various stakeholders* involved. If a common

ground between the different interested parties can be found, then heritage tourism can be developed in a way that preserves the resources of the local community and is beneficial to all (Aas et al. 2005, p. 29).²⁰ According to Jamal and Getz (1995, p. 188):

Stakeholder collaboration is a process of joint decision making among autonomous, key stakeholders of an inter-organizational, community tourism domain to resolve planning problems of the domain and/or manage issues related to the planning and development of the domain.

Though a community can be defined most usefully for tourism in terms of a geographical area, or *a group of people with shared origins or interests*, in the present paper it is taken in the latter sense to include the community of craftsmen. Thus, fundamental to developing a successful symbiotic relationship between tourism and heritage is the need to involve all stakeholders in the development of the cultural resource, as there is a recognition that many of the problems are due to a lack of interaction (Hall and McArthur 1998).

The concept of stakeholders is becoming increasingly important in heritage management and planning, especially the community as owner and custodian of heritage (Nuryanti 1996; Peters 1999; Serageldin 1986). It is crucial that managers involve the community to increase the quality of planning and reduce the likelihood of conflict, to ensure that sound plans remain intact over time, increase the community's ownership of its heritage through education and other awareness creating campaigns, and to enhance the community's trust in heritage management (Hall and McArthur 1998). The tourism/heritage relationship includes several other challenges also. *First*, there is a clear need to establish channels of communication, as a lack of them provides a pathway towards uncontrolled and destructive development (Peters 1999). *Second*, there is the need to find the balance between conservation and the use of heritage sites for tourism. The widespread belief that the development of heritage sites for tourism purposes results in the commodification of culture is a legitimate concern (Wall 1997). *Third* is the issue of tourism activities generating income for heritage conservation. Tourism is perceived to be one of the core income-generating activities for many heritage sites. It has been questioned whether tourism actually supports and contributes to the resources on which it depends (Peters 1999).

According to the vision document, AHP envisages developing the heritage sites, monuments and other tourist sites by *making them tourist-friendly to enhance the tourism potential. And the heritage site/monument/other tourist site is selected on the basis of tourist footfall and visibility*. Hence it would be meaningful to look at AHP through the lens of heritage tourism. AHP, as a promotional intervention in heritage tourism, is exposed, inter alia, to the serious threat of compromising conservation

²⁰The research of Aas et al. (2005) examines critically a UNESCO/Norwegian government-sponsored pilot project (1998–2001) at the World Heritage Site of Luang Prabang, Laos, aiming to promote collaboration between heritage conservation and tourism through stakeholder involvement. Luang Prabang is one of nine World Heritage pilot sites in Asia and the Pacific for the UNESCO project 'Cultural Heritage Management and Tourism: Models for Cooperation among Stakeholders'.

goals for profit and brand visibility (accruing to Monument Mitras). AHP does not generate any income for heritage conservation. Collaboration among the various stakeholders (including the artisan community—as a group of people with shared origins or interests—as owners and custodians of intangible cultural heritage) is also not envisaged in it. In other words, AHP has scant regard for balancing the concerns of conservation and the use of heritage sites for tourism, thus exposing culture/crafts/craftsmen to worst forms of commodification and exclusion.

(b) *Towards linking artisans with AHP: Lessons from ‘Democratizing Heritage’*

A significant development in the recent global discourse on heritage management is the approach of ‘Democratising Heritage’, which was deliberated and adopted by members of the International Council on Monuments and Sites (ICOMOS)²¹ at a grand session in Delhi, India towards the end of 2017. Though India’s capital has witnessed the above event, the approach of democratising heritage doesn’t seem to have influenced the architects of the ‘Adopt a Heritage’ project, launched immediately after the above event known as Delhi Declaration on Heritage and Democracy, 2017. Since the above approach holds very valuable lessons for the CSR funded Indian heritage adoption project in general and the artisans/crafts perspective of the present paper in particular, a brief outline of the declaration and its contemporary relevance in the discourse on heritage management is presented below so as to provide a strong case for the above perspective on ‘Adopt a Heritage’ programme. In the presentation on Delhi Declaration, only factors that are relevant to the artisan focus of the paper are included.

(i) *Delhi declaration on heritage and democracy*²²

The 19th General Assembly of the International Council on Monuments and Sites (ICOMOS) held in Delhi, India on 11–15 December 2017 convened 890 heritage experts from 80 countries around the world. The Declaration reflects a commitment by ICOMOS to Heritage and Democracy as key ingredients in a people-based approach to sustainable development. Heritage is a fundamental right and responsibility of all. It is a starting point for a meaningful and equitable future that secures and celebrates diversity, social engagement, equality and justice for all cultures.

Preamble: *Acknowledging* that heritage constitutes a key resource in enhancing quality of life and social cohesion, fostering economic development in a fast-changing global environment; *Recognising* heritage as a fundamental human right; *Considering* that democracy gives both rights and duties to individuals, communities and

²¹ICOMOS is an international non-governmental organisation dedicated to the conservation, protection, use and enhancement of the world’s cultural heritage, the only global organisation of its kind. ICOMOS is an advisory body to UNESCO for cultural heritage, in particular for implementation of the World Heritage Convention, Paris 1972 (which came into force on 17 December 1975) and increasingly a partner contributing to the United Nation’s work towards Agenda 2030 and Global Goals for Sustainable Development.

²²Sourced from *Seminar*, Issue 705, May 2018, pp. 85–87.

nations; *Further considering* the imperative for mutual respect, diversity, plurality, syncretism and peaceful coexistence, and the right of all cultures, each with a distinctive heritage, to practice individual beliefs and conserve multicultural legacies; *Recognising* that heritage is increasingly threatened in many parts of the world by deterioration, disappearance, erasure or poor treatment, which impoverishes individuals, groups, nations and humankind as a whole; *Realising* the additional threats caused by climate change, rising sea levels, deliberate destruction and armed conflicts, and recognising the need for risk preparedness, disaster mitigation and increased resilience; *Taking into account* the reality of human migration and population growth; *Respecting* a people-centric culture-specific approach in various geographical regions inhabited by a multitude of diverse communities who have contributed to the creation of the composite heritage of a place; *Recognising* the role that digital technologies and communications now play in heritage management; *Recalling* the existing international conventions, recommendations and other documents concerning heritage as a basis for understanding and treatment; and *Emphasising* the need for professional heritage expertise and multidisciplinary cooperation as an integral part of policy-making throughout the community-development processes.

On behalf of the peoples we serve, ICOMOS addresses the UN, UNESCO and other relevant international bodies, all levels of government and authorities in individual countries, institutions for education and research, non-governmental organisations and, in particular, individuals and groups of people at the local level, as well as all other stakeholders.

1. *Manage Heritage Resources for Our Common Future: values, significance and authenticity.* The concept of heritage has widened considerably from monuments, groups of buildings and sites to also include settings, larger and more complex areas and landscapes *and their intangible dimensions*. This reflects a more diverse approach. Heritage belongs to all people: men, women and children; *indigenous people*; ethnic groups; people of different belief systems; and minority groups. It is evident in places, ancient to modern; rural and urban; the small, everyday and utilitarian; as well as the monumental and elite. It includes value systems, beliefs, traditions and lifestyles, together with uses, customs, practices and *traditional knowledge*. There are associations, meanings, records, related places and related objects. This is a more people-centred approach.
2. *Develop Ethical Principles and Education for Heritage: guidance, informed decisions and practices.* Intellectual and physical access to heritage resources empowers people to safeguard it. *Traditional knowledge and professional expertise constitute important resources for communities, adding to the understanding of values, sense of place and awareness.*
3. *Promote Inclusive Democratic Community Processes: of all the people, by all the people, for all the people.* Community participation in planning, the integration of traditional knowledge and intercultural dialogue in collaborative decision-making facilitate well-reasoned solutions and good use of resources reflecting the four pillars of sustainability.

4. *Ensure Continuity of Living Heritage: a condition of sustainable development.* Appropriate conservation and management of living heritage are achievable through *intergenerational transfer of knowledge and skills* in cooperation with communities and facilitated by multidisciplinary expertise. Recognition and support must be given to those persons who embody cultural knowledge and skills for there to be long-term *perpetuation of living heritage*.²³

(ii) *Delhi declaration: Varied perspectives*²⁴

The Delhi Declaration on Heritage and Democracy recognises that democracy is a much-needed consideration in the conservation of heritage. In the spirit of enabling dialogue, Issue No. 705, May 2018 of *Seminar* brought together the varied perspectives of both practitioners and academics in the hope that it will create greater awareness within the larger heritage community about some key concerns and debates animating the field. An examination of the practice of different stakeholders, institutions and legislative apparatuses that are operationalised in the processes of heritage conservation and management helps provide critical insights into the ideas of heritage conservation as viewed through the lenses of democracy(s). The understandings generated are important as they provide road maps that can help shape and guide the formulation of future policy and practice in heritage conservation in a more collaborative and democratic manner (Rai and Gandhi 2018).

The board of ICOMOS India collectively agreed that India, as the world's largest democracy, is an apt site to address the issues facing practitioners in different parts of the world as they seek to negotiate the spaces of governance in dealing with heritage matters. In large part, this decision was informed by their own experience of working in the Indian context in which organisations such as the Archaeological Survey of India (ASI), the Indian National Trust for Art and Cultural Heritage (INTACH) and heritage practitioners like themselves often struggle to protect heritage in a holistic manner *in a country which while rich in history, culture and heritage continues to face basic problems, such as the absence of a comprehensive legal regime responsive to the growing and evolving needs that protects heritage and also recognises rights of communities on matters of culture and heritage. Equally debilitating is a severe paucity of funds (from the side of national, state and local governments) to undertake conservation works, and most importantly, the minimal engagement of a larger public/civil society in the processes of conservation management largely due to the absence of a collective understanding of what encompasses heritage and enabling systems for dialogue and engagement, and organisational structures of government bodies and their capacity to respond to the multiple concerns related to heritage.* Therefore, the choice of the theme of heritage and democracy was driven by the aim

²³In some countries, the transfer of craft know-how is achieved through conferring the status of 'living national treasure' on outstanding skilled individuals. It was started in Japan in 1950 (Donkin 2001, pp. 20–21).

²⁴See: Democratising Heritage, *Seminar*, Issue 705, 2018, pp. 85–87 (www.india-seminar.com) for details of the Delhi declaration on heritage and democracy by the 19th General Assembly of the International Council on Monuments and Sites (ICOMOS) in Delhi, India on 11–15 December 2017, and connected perspectives on heritage and democracy.

of *examining heritage practice through the lens of democracy* so as to kick-start a dialogue among the different stakeholders of the practice and academia in India and other parts of the world and bring together some of the nuanced conversations so as to increase the visibility of heritage concerns (Rai and Gandhi 2018).

Some of the primary concerns and issues that have emerged include a need to move away from the bureaucratisation of heritage towards ideas of trusteeship and belonging; for evolving an ethical approach towards heritage; and inculcating a greater awareness of the predominantly elitist and monumental perceptions of heritage. Equally important is the *need to recognise community as both generator and consumer of heritage, and thus empower the community with greater agency*. There is a need to recognise the diverse character of heritage in the urban environment, be it historic settlements or modern cities, and to *move beyond the divide between tangible and intangible heritage*. Above all, there is a need to create opportunities and platforms for dialogue in heritage interpretation and presentation, for *heritage conservation to be driven by community engagement* and the recognition of different versions of democracy and the ways in which each of these distinctive versions can help enable the protection of diverse heritage(s) (Rai and Gandhi 2018).

(c) *AHP, heritage tourism and democratising heritage: Towards an artisans' perspective*

Intangible cultural heritage is the most recent heritage category that has been formally recognised by UNESCO. Traditional craft coming under the umbrella of intangible heritage are part of the cultural and creative set-up that uses endogenous community knowledge and can add to economic empowerment. Other than the heritage significance of craft, they also contribute towards tourism, rural and urban economies and towards the sustainability and well-being of the society with a sense of identity (Jennings 2012). The term 'traditional' is strongly linked to 'crafts' when discussed in the context of heritage (Jigyasu 2018). Craft is characterised by a certain type of making, in which objects are created by hand through the skilled use of tools. According to UNESCO, *traditional craftsmanship is perhaps the most tangible manifestation of intangible cultural heritage*. There are numerous expressions of traditional craftsmanship: tools; clothing and jewellery; costumes and props for festivals and performing arts; storage containers, objects used for storage, transport and shelter; decorative art and ritual objects; musical instruments and household utensils and toys, both for amusement and education (<https://ich.unesco.org/en/traditional-craftsmanship-00057>. Accessed 31 May 2018). *Across the world, a number of international conferences have been held in the recent past on conserving the intangible and charting the interest of the heritage field in crafts, where crafts have been accepted as heritage. The goal of safeguarding, as with other forms of intangible cultural heritage, is to ensure that the knowledge and skills associated with traditional artisanry are passed on to future generations so that crafts can continue to be produced within their communities, providing livelihoods to their makers and reflecting creativity.*

According to expert global opinion, 'If crafts are to be valued as intangible heritage, the know-how involved in practising a craft must itself be the object of conservation/protection' (Donkin 2001, p. 17). And, the concept of crafts as intangible

heritage is to be recognised in all projects on crafts and conservation (Donkin 2001, p. 37). It is also held that an attempt must be made to safeguard traditional knowledge and skills. This would encourage the artisans to continue their practices and to pass on their skills and knowledge to others, particularly within their communities, observes Jigyasu (2018). Adopt a Heritage scheme includes a number of monuments mirroring traditional craftsmanship (intangible skill/heritage) in metals, wood, granite, etc. of artisan communities spread across the country. Though preservation and conservation of the structures are not the direct concerns of the Monument *Mitras*, the long-term objective of the scheme should be broadened to include them and, by extension, preservation; protection; and promotion of related craft traditions. It may be noted that the scheme gives an opportunity to train craftsmen in the art/craft of preservation and conservation of cultural property as also tourist guides. The need to incorporate/factor in related concerns in the scheme also forms part of the objective of the present paper. Hence, the learned opinion of Donkin (2001, C.2.d, p. 30; C.3.c; 3.d, p. 32) on related issues worthy of contextual attention are presented below. Adoption of heritage scheme gives an opportunity:

- To counter, in tune with global strategies, threats to intangible heritage (craftsmanship) from industrialisation, globalisation, urbanisation, etc. Hence, a condition could be stipulated in the MoU that building repairs shall be carried out only in traditional styles and with traditional methods and materials, which creates market for certain craft skills.
- For promotion/development of crafts/craftsmen through tourism, including live demonstration of the crafts process, exhibition and sale of craft goods, etc. (promotion of livelihood of local communities forms part of the objectives of AHP).

Although the discussion on intangible heritage and traditional knowledge systems continues, it is critical to connect this discussion to economic policies for sustainability of the communities that hold this knowledge. Making the knowledge system a driver for development will go a long way in assuring its continuity. With respect to target 11.4 of the Sustainable Development Goals (SDGs), it will be critical to adopt policies that will accept the role of local institutions and traditional knowledge systems and integrate heritage protection and their associated values into inclusive socio-economic development for the local communities to mutually benefit both the community and the heritage fabric (Hosagrahar 2015).

In the UNESCO World Heritage List of Properties located in India, there are 28 cultural properties, 7 natural sites and one mixed property. Out of this, 14 cultural properties (indicated in bold underline in Table 3.2) and one natural site (*Kaziranga National Park, Assam*) appear in the Indian Heritage Adoption Project. The pattern of adoption of cultural property (50%) in the above project from the World Heritage list of 28 properties holds a mirror to the art and craft works that attracts domestic and international tourists to India and the need to sustain the artisan communities who have contributed immensely in the design and creation of the above heritage structures. A look at the criteria adopted by UNESCO for recognition of cultural sites²⁵

²⁵According to UNESCO, cultural sites must meet one or more of the following criteria: (1) be considered a masterpiece of human creative genius; (2) exhibit an important interchange of human

also point to the significance of crafts/craftsmanship that adds immense cultural value to most of them. Similarly, commenting on *creative industries* (CIs) (goods and services originating from the specificity of culture and knowledge in which cultural industries make a subset of CIs) as an important source of economic growth and international trade in the Indian context, it is argued that '[A] coherent and informed policy could provide new opportunities to millions of traditional artisans and workers, and stimulate economic growth' (Shaban and Filip 2015, p. 68). Today, CIs are advocated as a tool for 'social inclusion' and 'empowerment' (UNESCO 2013). How much of past artistic capital has been invested to achieve the present heritage is clearly an outcome of economic decisions, as is the allocation of resources for its preservation and discovery (Towse 1997, vol. 2). However, traditional arts and crafts, on which a significant part of the Indian population depends for its livelihood, remains impoverished, under-marketed and little influenced by modern skills and technologies (Shaban and Filip 2015 p. 75).

'Democratising Heritage', crafted by ICOMOS, is considered to be a highly transformative approach to the concept of heritage, management of cultural property and its conservation worldwide. Though India continues to be the largest democracy in the world, her 'Adopt a Heritage' programme, driven under active participation of corporate entities through CSR, is found to have missed the people-based approach to heritage management and conservation. Besides, the project provides no space for preservation, protection and promotion of traditional crafts/craftsmanship, which according to the views of UNESCO on intangible heritage merits equal attention in all programmes of intangible heritage management. Though the mandatory CSR activities approved by the Indian Companies Act, 2013 include 'protection of national heritage, art and handicrafts', the heritage adoption project may fail craftsmen—their livelihood, continuation of craft skills, identity and pride. Hence the heritage adoption project, as a state invited CSR intervention programme, should also have a serious concern for inclusion and empowerment of traditional arts/crafts and artisans, who have contributed immensely to the cultural heritage of India, but marginalised under the impact of globalisation and commodification of crafts.²⁶

values over time; (3) bear a unique or exceptional testimony to a cultural tradition, living or disappeared; (4) *be an outstanding example of a structure, site or landscape, illustrating a significant stage in human history*; (5) *be an outstanding example of a traditional human settlement or land-use by a culture, especially a vulnerable one*; or (6) *be directly associated with events, living traditions, ideas, beliefs, artistic or literary works of universal significance* (Serageldin 1999, p. 166).

²⁶The role of CSR and traditional artisans in heritage management is examined in a paper which tries to situate the rights of the present generation of traditional artisans to be consulted and actively associated in the whole exercise of heritage management of the temple treasure of Sreepadmanabhaswamy temple, Thiruvananthapuram, Kerala, India (Sankaran 2012). The right to CSR-driven rehabilitation of traditional artisans uprooted by corporate entry into their domain is also an issue discussed in the context of mandatory CSR in India (Sankaran 2018).

3.5 Conclusions

Given the binary of cultural heritage (tangible and intangible), two different views dominate the discourse on the degree of sustainable use of built heritage sites. The *first* is understood as marketing the heritage (tangible and intangible) associated with each site through (heritage) tourism, driven mainly by economic concerns. Though heritage tourism is promoted worldwide as part of marketing cultural products/natural sites, unless part of the revenue is applied to conservation of heritage, particularly the ICH involved, they fail to be fully sustainable. Burgeoning forces of globalisation and commodification of arts/crafts lend more support to the *second* view that heritage sites should preferably be used more for conservation of ICH associated with each, which renders the interventions fully sustainable. The present paper endorses the second and broader view of using built heritage sites for conservation of ICH, mainly embedded in arts/crafts/craftsmanship. Viewed in the above perspective, the Indian heritage adoption project, that limits CSR intervention to provision of world-class amenities in the premises of monuments catering to the interest of burgeoning tourist flow, takes the trees for the forest. In other words, the conservation component in heritage management is compromised for corporate brand building/visibility, with least concern, inter alia, for carrying capacity of structures and sites. Apart from the above, the paper draws other conclusions also as stated below.

The implications of lack of coordination between the M/o Tourism and the M/o Culture need to be addressed in the backdrop of the parallel/overlapping schemes ('Adopt a Heritage' scheme by the former and NCF scheme by the latter, both under CSR support) executed by them. Though the focus of the heritage adoption project is only strengthening basic amenities in the premises of monuments and sites in terms of structures, equipments, landscaping, etc. which of course enhances brand visibility, provision for conservation should find a space in all heritage management projects. Traditional artisan communities continue to reside mostly in clusters around many historic monuments, temples, palaces and forts. Promotion of the livelihood of such local communities, as a supplementary objective of the scheme, should also be inclusive of protecting the intangible heritage (skill) of traditional artisan communities. There is enough space to include such concerns in the present project, given the professional affiliation of traditional artisan communities with the built environment and enabling mandatory CSR provisions in the Indian Companies Act, 2013. In addition to the promotion of arts and crafts/craftsmanship in terms of provision of more employment, Adopt a Heritage scheme also offers Monument *Mitras* opportunities for training of artisans in the art/craft of heritage conservation and in tourism guidance. The Vision and Oversight Committees should revisit the scheme, in terms of a broader perspective of heritage as democracy; conservation; and protection, preservation and promotion of traditional crafts/craftsmanship. Hence, the artisans' perspective on 'Adopt a Heritage' is embedded in the widely held view that wherever the issues of management of built heritages are involved in projects, traditional and other artisans enjoy a right to be consulted/partnered, particularly when

such projects are executed by corporate entities whose business operations have been mainly responsible for the marginalisation of crafts/craftsmanship.

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Chapter 4

CSR, a Pretence or a Bona Fide; Case Study of M&S and Next



Ghulam Sughra

Abstract The aim of the paper is to investigate CSR disclosures of M&S and Next, the UK's eminent retailers for the period from 2010 to 2015. The extensive debate on the definition of corporate social responsibility (CSR) is yet unsettled because researchers have not agreed upon a conclusive and universal definition. In the intense competitive retail market, many of the retailers have been showing their concern about retaining their customers and working hard to build good reputation among the community (Fletcher in *Sustainable fashion and textiles: design journeys*. Earthscan, London, 2008; Hawley in *Sustainable textiles: life cycle and environmental impact*. Woodhead, New York, 2009). International comparative corporate governance research shows that UK CSR governance mechanisms are different (Aguilera et al. in *Corp Gov: Int Rev* 14(3):147–158, 2006) and UK firms have higher rates of social reporting and stakeholder management (Williams and Aguilera in *Corporate social responsibility in a comparative perspective*, 2006). Firms have been pursuing their own understanding of CSR (Jones et al. in *Int J Retail Distrib Manag* 33(12):882–892, 2005) while consisting within the broader social sector. However, there is lack of research in the literature specially related to UK retail industry which focuses on the environmental, social and philanthropic work (Pederson in *J Bus Ethics* 91(2):155–166, 2010). Also, the proliferation of incomplete ethical claims and so called green washing which is the practice of making spurious claims by some companies about the environmental benefits of their products, services or practices, has resulted in increased consumer mistrust about the intention of the firms (Jahdi and Acikdilli in *J Bus Ethics* 88(1):103–113, 2009). This study contributes to the literature by looking into the ethical performance of M&S and Next through the lens of CSR communications published in their CSR reports. The paper argues that some firms such as M&S and Next, use CSR communications as a tool to convey their socially responsible image to the stakeholders. But do they mean to create a social change, or it is just a pretence to calm the sentiments of their stakeholders. Moreover, the paper maps an overview of the CSR strategies with reference to environment, corporate philanthropy and community work. Practically, the study contains impli-

G. Sughra (✉)
London School of Commerce, London, UK
e-mail: sughra_imran@hotmail.co.uk

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cations for policy makers of the retail firms which can enhance future potential of CSR. The limitation comprised of the generalisability of the findings and sample size.

Keywords Corporate social responsibility · Stakeholder management · Environment · Community · Retail sector

4.1 Introduction

This paper investigates the disclosure practices of M&S and Next focusing on the certain elements of CSR such as environment, community work and donations and highlights the reasons of adopting certain factors of CSR. The manuscript draws its information from CSR reports of M&S and Next and examines how these companies address CSR issues with reference to donations, eco-efficient programmes and community work in their reports. The reason for selecting these two firms is their contribution to the field of CSR in UK retail sector. M&S' ambitious Plan A has been considered much-watched sustainability programme demanding concrete targets and robust measurement (Morgan 2015). Next is another British multinational clothing, footwear and home products retailer with 6.8% market share in UK clothing industry (www.statista.com).

4.2 The Purpose of CSR Reporting

CSR reporting has become one of the demanding business requisites for the retail firms to monitor their operations in order to ensure the rules and regulations and ethical standards. Many stakeholders demand transparency and retail companies are also under enormous regulatory and competitive pressure to show a commitment to CSR (Deegan 2009). Exploratory review of pre-financial crisis reveals that most of the retail firms have been integrating CSR into their core business activities by believing that this is in the interest of long-term firm value and all the stakeholders (Jones et al. 2005).

While many scholars have debated the legitimacy of CSR (Deegan 2009; Bayoud 2012), investors and consumers have developed preferences for the firms contributing towards environment and social welfare. CSR disclosures consider being fundamental in terms of trying to maintain or regain good reputation (O'Donovan 2002). That is why organizations might change their operations to conform to ever-changing expectations of the community, and thus, it becomes vital for retail companies to keep the public informed about any changes that may affect their lifestyle. If the community expects the retail firms to attend and respond to certain issues beyond financial performance, then ultimate survival of the company requires it to demonstrate broader responsibilities beyond their financial interest. The demonstration for

the broader interest is considered to be driven by a strategic desire to ensure the success and good reputation of the organization (Deegan and Blomquist 2006).

The retail industry is fiercely competitive, fast moving and driven by innovative designs, media coverage of fashion models, consumer demands for constantly changing designs, celebrity lifestyles and grand promotion of designer brands (Fernie and Sparks 2014). Concerns about the use of natural resources and the treatment of the human capital remain the core issue (Knyght et al. 2011). Corporate distrust, scandals and inability of the retail firms to self-regulate are resulting in more CSR national regulations (Ioannou and Serafeim 2011) making it essential for the firms to report to wider set of stakeholders (Freeman et al. 2010).

While clothing retail seems to be the public face of fashion, but the industry is much broader and includes accessories, footwear and embraces the synthetic fibre and natural materials from which they are produced. Ernst and Young (2002) highlight five key drivers which mainly influence the increasing business focus namely stakeholder awareness of social, ethical and environmental behaviour, direct stakeholder pressure, peer pressure, investor pressure and high sense of social responsibility.

Reducing emissions has been one of the important motives of the retailers as highlighted in their CSR reports. The focus on the reduction of carbon dioxide emission is based on the global concern about the levels of the greenhouse gas emissions that result in climate change and global warming. CO₂ is the long-lived gas remaining in the atmosphere for fifty to two hundred years, and its main source is the ignition or flaming of fossil fuels (Ballot and Fontane 2010).

4.3 CSR Issues in the UK Retail Industry

UK retail industry contributed £194 billion in UK's economy (research briefings UK parliament, 2017). It faces a long history of challenges including environmental issues in the production process such as energy consumption in the retailing, delivering and manufacturing transportation, the use of pesticides in the cotton production, water consumption in the growing of cotton, washing and bleaching of fabrics, the use and release of chemicals in the water system following the finishing and dyeing of clothes and fabrics, disposal of waste during the manufacturing process, animal rights and the disposal of clothes itself at the end of their lifespan (Hall 2000). The anti-plastic movement has taken UK retail industry by storm which led retail firms to sign new industry wide initiative aiming to make all plastic packaging recyclable or biodegradable by 2025 (www.retailgazette.co.uk).

The importance of CSR was felt in UK when a minister for CSR was appointed in 2000. Minister's duty was to coordinate government CSR policy while working with the private sector. According to a recent report from a consulting firm EPG, American and British firms listed in the Fortune 500 are now spending \$15bn per annum on CSR projects (Telegraph 2016).

Jones et al. (2007) propounded that according to the top retailers, environmental issues were among the most reported CSR agendas. They include CO₂ emissions,

water and energy consumption, raw material usage, recycling, waste and packaging volume and application of chemicals. Whooley (2004) argues that key CSR issues are often clustered under four headings, i.e. workplace, marketplace, environment and community.

In the same vein, Fleiss et al. (2007) state that some of the raw material for the retail and textile industry like cotton are among the most environmentally damaging crops, often receiving multiple treatments of pesticides and fertilizer. Moreover, there are many economic and social problems within the supply chain such as poor working conditions, low wages, discrimination at workplace, health and safety issues, human rights and child labour. So, ultimately these are the retailers who hold the power and act as an interface between the public or end user and production.

4.4 CSR Performance of M&S and Next from 2010 to 2015

Marks and Spencer, commonly known as M&S, is an eminent retailer headquartered in London. With almost 800 stores in UK, the company specializes in the selling of home products, clothing and luxury food products. M&S initiated a well-documented CSR programme in 2007 called Plan A and pledged to re-engineer the company to become carbon neutral, zero waste, ethical trading and health promoting business in the next five years which has been unaccomplished as they are now promising it just for UK and Ireland in the near future. So, promises do not necessarily represent reality. These promises may have been tactfully used as an aspect of reputation laundering to CSR and sustainability which can be useful in the art of marketing and differentiation. Its environmental strategy demonstrated financially successful model of sustainability compared with world's top ten retailers (Wilson 2015; Morgan 2015).

M&S produced 52 pages CSR report in 2010, 56 pages in 2011, 2012 and 2013, 44 pages in 2014 and 48 pages in 2015. The content of its CSR reports revolves around sustainable raw materials, animal welfare, ethical trading, responsible use of technology and community programmes which highlight products, people and places (CSR reports 2010–2015).

Robert Peston, the BBC news editor, published a report with a title, 'Rose goes green in pursuit of profit'. In the report, he highlighted main points of Plan A, a CSR programme which was expected to cost the company £200 million over five years. The company took a substantial risk of investing in the greener campaign in the highly competitive market where there was a little margin of increasing the prices than its rivals (www.bbc.co.uk).

Most of the retail firms have a wide range of impacts on the community within which they operate, and some of these issues are addressed in their CSR reports. M&S supports some local groups and charitable causes such as Breakthrough Breast Cancer, Macmillan Cancer Support, Royal British Legion, Oxfam, UNICEF, MCS, WWF and Great Ormond Street with fundraising and volunteering campaigns.

M&S highlighted its ethical position in the marketplace by setting out CSR agenda through Plan A. In 2014, the company set out on the third stage of its Plan A journey and further launched Plan A 2020 commitments which concentrated on putting the sustainability at the heart of the business and corporate strategy (Janda et al. 2015). In its CSR report 2015, Marc Bolland, the chief executive of M&S, claimed of making the company the most sustainable retailer of the year winning 220 sustainability awards. He believed that M&S people and customers have always helped in their local community, and by working together, the firm can achieve even more by volunteering or making a donation to the charity that matters locally. He acknowledged the positive impact it can have and that healthy street needs a healthy community to support it (CSR report 2015).

M&S is in financial difficulties and has a track record of making claims but not keeping them. Recently, Steve Rowe, the new chief executive of M&S, introduced Plan A 2025 to provide the social purpose and to anchor its brand to customers (CSR report 2017). There has been a shift in M&S's CSR approach as the company is now claiming that CSR is dead and only sustainability matters. It seems as if the doctrine of CSR has been used as a pretence or cloak for actions that can be justified on some grounds and sustainability as a tool to win the public sentiments.

Next retail chain was launched in 1982 with the collection of stylish clothes, shoes and accessories for women, followed by collection for men, children and home products. Next trades from more than 500 stores and is the second largest clothing retailer by sales revenue in UK. For Next, CSR means focusing on key business-related social, ethical and environmental issues and it ensures to run the business in a responsible way (CSR report 2010). The company understands the challenges of trading ethically and acting responsibly towards all the stakeholders including suppliers, employees and community (Wigley 2011). It offers support to different range of charities and organizations of different sizes by giving them donations that can be beneficial for them.

Apart from offering donations to the needy charities and supporting individual charity requests, it also agrees to support charities with specific annual donations. This commitment can help the charities to plan their work ahead with the confidence. Next also involves its employees across the business in fundraising events each year to support over 350 charities by undertaking different activities such as cycling, skydiving, running, cake sales, playing footballs and growing moustaches for 'Movember' to raise awareness about the health issues faced by men (CSR report, 2015). Next CSR reports comprised of 49 pages in 2010, 46 in 2011, 42 in 2012, 43 in 2013, 55 in 2014 and 65 pages in 2015 which show the extent of information presented in reports (CSR reports 2010–2015). Although the number of pages does not necessarily correlate to actual content, however, it shows the consistency of the information presented in the reports.

Next sources its products from different countries of the world and claims to give paramount importance to ethical trading. The Next code of practice (COP) is a programme of ethical trading standards which forms an integral part of its business. The company claims to build a team of 45 members who try to establish cordial relationships with the suppliers through proper training as well as auditing their

factories to meet the basic requirements and important principles of the code, i.e. freedom of association, no child labour, safe and healthy working conditions, fair wages and benefits, no forced labour, equal opportunities, employment security, fair treatment of the workers, reasonable working hours and effective management system (Nextplc.co.uk). Moreover, the company is the long-standing member of ETI (Ethical Trading Initiative) which is an alliance of companies, trade unions and non-governmental organizations (NGOs) working together to ensure the safe working conditions and rights of the workers for not only UK market but also the international labour standards (CSR report 2014).

Next achieved re-certification of Carbon Trust Standard in 2013 for managing, measuring and reducing carbon emissions (CSR report 2015, p. 10). Its direct carbon emissions include properties, distribution of products to retail stores, waste disposals from its stores, warehouses and head office in UK, business travel, refrigerant losses from air conditioning units in its stores, warehouses and head office and manufacturing facilities. It measures and reports direct and indirect emissions in line with internationally recognized standards provided by the Greenhouse Gas Protocol Corporate Accounting and Reporting Standards published by the World Business Council. It understands that different greenhouse gases have different impact on the climate and CO₂ is a way of standardizing global warming effect of these emissions.

Next realizes its obligation and responsibility to reduce the impact of direct business operations on the environment. It aims to create more sustainable ways of doing business to deliver better resource efficiency, save money and conserve energy. It prioritizes the work to minimize the carbon intensity of its activities and natural resources that are used through development and operation of good business practice. Next recognizes the importance of environmentally significant operational activities and claims to explore the opportunities to manage environmental impacts resulted through the direct and indirect operations. Moreover, it has developed new targets for energy, waste and distribution by 2020 with the help of company priorities such as minimizing waste production and reducing energy use, improving energy efficiency as well as increasing the efficiency of delivery fleet.

It is argued that CSR oriented firms benefit from tangible and intangible benefits when stakeholders are informed of their CSR orientation (Bowed et al. 2006). M&S and Next have communicated deftly for their sustainable actions by addressing the social and environmental issues. M&S, for instance, created a strapline 'Doing the right thing' whereas Next focused on 'Better Retail, Better World' which could connect to the simple sentiments of the customers (CSR report 2018). Internally, these firms tried to create a change brand, focusing on their employees and suppliers and externally, they demonstrated to the stakeholders that they are the green activists that are ready to play a leading role in sustainability.

It seems that both retailers have deployed their CSR activities in line with key stakeholders' expectations, i.e. customers, suppliers, investors and communities, thus giving evidence for CSR reporting as a marketing tool to pursue some intangible benefits. The difference however lies in the way these activities have been communicated and highlighted in their CSR reports. M&S has highly focused on the detailed information by setting 100 commitments and providing the summary of the commitments

shown as achieved, on plan, behind plan or not achieved (CSR reports 2010–2014) whereas Next seems less focused in its efforts. It is found within the context of the retail sector that both firms share similar sort of CSR orientation, but M&S marketed its CSR activities rigorously. Despite claiming for being a sustainable retailer, M&S failed in achieving fuel efficiency, greenhouse gas emissions, reducing home transit and clothing packaging which are important contributors in climate change (CSR report 2016).

The content of the CSR communication of M&S and Next through a focused stakeholder view of CSR has facilitated to clarify the ambiguities in the definition of CSR in UK retail sector. For instance, both companies had Carbon Trust Standard certification for reducing carbon emissions which shows the importance of reducing carbon emissions in UK retail industry. Next's CSR reports focused on customers, suppliers, environment and community. M&S also addressed almost same issues and listed detailed commitments involving customers, climate change, natural resources, waste, general health and well-being. However, the critical analysis of their CSR reports shows that both firms seem to be attuned to the benefits of being socially responsible and, therefore, communicating their CSR activities to the stakeholders.

Firms' social investments may appear to build their social image, but it lacks meaningful and complete actions (Dare 2018) and M&S and Next are no exception. Since 2007, M&S has been indicating to build sustainable and eco-efficient stores. However, recently it has announced to close 100 outlets by 2022 which shows that not only it has acted in contradiction to the stated claims but also has put its employees in uncomfortable situation (The Independent 2018). Hence, the situation becomes further evident by the company who apparently cares for the people and planet but actually puts the jobs of its employees at risk. The situation becomes further evident; as on one side, the richly paid successive CEOs of firm have focused on the glossy ads of CSR commitments in papers and, on the other hand, announced the closure of 100 stores by describing the situations 'tough' or 'challenging' (The Independent 2018).

Moreover, the massive use of social media has made stakeholders better informed than ever before. Therefore, they demand from the firms to conform to high standard of ethical and environmental performance. As a result, these firms have no choice but to create a socially responsible image by creating a buzz through their partly achieved social and environmental actions and showing their care for the environment as a presentation to create favourable impression on the stakeholders.

4.5 Conclusion

The paper contributes to the literature by mapping CSR reports of M&S and Next which are considered eminent retail firms for their CSR contribution in UK. The study explores different facets of CSR, i.e. environmental, philanthropic and community issues with reference to UK retail industry. Content analysis of the CSR reports of the selected firms provides a snapshot of the future direction of CSR in UK retail sector.

Future research can take it to another level by increasing the sample size which can give more robust findings.

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Chapter 5

Future Sustainability, Innovation and Marketing: A Framework for Understanding Impediments to Sustainable Innovation Adoption and Corporate Social Responsibility



Steven J. Greenland

Abstract Sustainable innovations and socially responsible marketing practices are critical for future sustainability. This chapter presents a case study analysis of three research projects that, in conjunction with observations of contemporary business and marketing practice trends, draws out key perspectives on impediments to innovation adoption and future sustainability. Poor government and regulatory policies, as well as irresponsible business activities, are highlighted as significant hindrances to environmentally and socially responsible behaviours. A framework summarising the different impediments to sustainable innovation adoption is subsequently presented, which includes the radicalness of the innovation, internal and external barriers, unintended negative consequences, as well as unsustainable and irresponsible marketing practices. By highlighting these elements, the framework will help researchers to identify ways to speed up rates of sustainable innovation adoption. The feasibility of future sustainability is also discussed, with potential solutions to key global social and environmental challenges presented. While the relevant case studies relate to three different sectors in Australia, the findings, framework and subsequent recommendations should be relevant to a much wider range of innovation and sustainability contexts.

Keywords Barriers to innovation · Sustainability case study · Sustainable innovation · Corporate irresponsibility · Innovation adoption model

5.1 Introduction

Many major global environmental and social challenges are due to human activity. A rather bleak illustration of this is the ongoing major extinction event caused by

S. J. Greenland (✉)
Charles Darwin University, Darwin, Australia
e-mail: steven.greenland@cdu.edu.au

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climate change (Warren et al. 2018). Darwin's (1859) evolutionary theory of natural selection appears to be progressing at an accelerated rate—one in five species are currently facing extinction, which is set to rise to 50% by the end of the twenty-first century (Grooten and Almond 2018). Reducing the negative impact of human activity is therefore essential for future sustainability.

This chapter begins by discussing sustainability and acknowledging tertiary education as a key determinant of socially responsible and sustainable consumption. It then describes the main sustainability challenges facing the planet and highlights the need for effective strategies to create appropriate balance between the three pillars of future sustainability—the economy, environment and society (Hansmann et al. 2012).

The central part of this chapter explains the significance of sustainable technology innovation for future sustainability. As with Darwin's theories that were published in 1859 but only became widely accepted 70 years later (Largent 2009), sustainable innovations face many impediments that delay or prevent their adoption and their consequent positive influence. Three research case studies that focus on education, agriculture and tobacco have been used to illustrate different impediments to sustainable innovation adoption. A framework summarising these is presented, which should help researchers and practitioners interested in speeding up sustainable innovation adoption rates.

The final part of this chapter focuses on the darker sides of contemporary business and marketing activity, which have proven pervasive hindrances to sustainable development and socially responsible behaviour. It then concludes by appraising the feasibility of future sustainability and discussing possible solutions to help move in a more sustainable direction.

Throughout this chapter, the reader is encouraged to reflect on whether future sustainability is desirable and feasible, and to consider potential solutions to global sustainability challenges.

5.2 Future Sustainability

There is an urgent need to reduce the negative effects of human activity (United Nations Environment Programme 2015) and to encourage more sustainable attitudes and behaviours.

Considerable research has sought to understand social and environmental responsibility for a sustainable future. Tertiary education has continually proven to be the key determinant of sustainable attitudes and behaviours (Nguyen et al. 2019—forthcoming). It is therefore relevant to emphasise the significance of education at the start of this chapter, followed by making relevant recommendations for education and future sustainability in the conclusion.

In addition to tertiary education, future sustainability is dependent on a balance or equilibrium between economic, environmental and societal interests (Hansmann et al. 2012). Given this multidisciplinary situation, practitioners and academics should

work together, rather than in silos, to effectively address future sustainability challenges.

5.2.1 Economic Challenges

Global economic development over the past 100 years is responsible for many of the most pressing sustainability challenges. For example, the exploitation of the environment for raw materials and energy production has wrought serious environmental and societal impacts. In spite of sustainability initiatives such as the Paris Agreement to combat climate change (United Nations Climate Change 2018), greenhouse gas (GHG) emissions are increasing at an unprecedented rate (World Meteorological Organization 2017). Australia remains one of the leading per capita CO₂ producers, despite declines in 2009 from a carbon tax intervention that was subsequently removed in 2010, largely due to pressure from the mining industry (Linden 2012).

A prerequisite for future sustainability is businesses placing more importance on environmental and societal goals, rather than just their sales and profit targets (Mitchell et al. 2017). Such profit-driven business culture is the most significant cause of unsustainable outcomes; yet despite extensive discussion in the literature, little has been achieved in terms of changing or ameliorating this. Shareholders demand double-digit returns on their investments, translating into double-digit financial growth targets for multinational business managers, whose annual bonuses and career prospects are dependent on achieving these. Such targets are often realised via production cost cutting (more sustainable practices often add to production costs, so are routinely dismissed), and by promoting the consumption culture where consumers consume more and buy things that they do not need. In conjunction with the consumer's desire for convenience, such activity is escalating public ill health, as well as driving pollution and unsustainable waste production.

5.2.2 Environmental Challenges

While pollution of the land and oceans, and challenges associated with waste management are massive environmental problems, it is climate change driven by GHG emissions that is recognised as the most urgent sustainability issue (United Nations Environment Programme 2015). A recent report by the Intergovernmental Planet on Climate Change (2018) stated the world has a 12-year window for reducing GHG emissions, before a tipping point is reached from which there is no return.

Combating climate change by reducing GHG emissions is therefore another critical objective for future sustainability (Nguyen et al. 2017). Climate change is causing environmental problems such as sea level and temperature rises for many countries. Increasing drought frequency and severity is hindering agricultural output (O'Mahony et al. 2016); with the United Nations forecasting that water and food

insecurity will become the leading cause of conflict (CDP 2016). Australia provides a strong illustration of such climate challenges, with its agricultural sector experiencing the worst droughts in over 400 years (Freund et al. 2017).

5.2.3 Societal Challenges

Sustainability challenges are also being driven by rapid population growth in emerging markets. The global population is predicted to increase from 7.5 billion in 2020 to 9.8 billion by 2050 (United Nations Department of Economic and Social Affairs 2017), which could be higher if China further relaxes its controversial one and two child policies (e.g. Gietel-Basten 2018). A 25% population increase means global sustainability challenges will only further escalate, particularly in emerging markets, given their limited public health and environmental regulations (Greenland et al. 2016).

Another societal sustainability challenge relates to poor lifestyle and consumption choices, which are responsible for the non-communicable disease (NCD) epidemic. NCDs are the world's biggest cause of chronic ill health and death, mainly through cardiovascular disease, cancer, chronic respiratory disease and diabetes (Moodie et al. 2013). The marketing of harmful products, which increases consumption, is a major cause of NCDs, including rapidly rising obesity rates that many countries are experiencing (Comans et al. 2013). Most manufacturers of harmful products such as tobacco, alcohol and junk foods high in salt and sugar use marketing tactics, including bulk-buy discounts, with the sole aim of increasing consumption rates. Table 5.1 presents the prices associated with a selection of these products in one of Australia's major grocery retailers.

As Table 5.1 shows, smaller bottles of carbonated soft drink are up to six times more expensive than larger sizes based on volume. Single bottles of beer are double the price of bottles in cases of 24, which increases to two and half times if the '20% off beer if you buy two cases' promotion is also applied. Similar bulk-buy discounts are common for confectionery and other snack items. Consumers are consequently being conditioned to buy more. They are punished for purchasing smaller sizes, which carry the highest per volume prices, while being rewarded for purchasing

Table 5.1 Examples of harmful product prices

Stock-keeping unit	Solo-carbonated soft drink	Coopers original pale ale	Cadbury's dairy milk	Thins potato chips
Smallest pack size available	\$6.00/litre	\$11.47/litre	\$3.00/100 g	\$3.33/100 g
Largest pack size available	\$1.00/litre	\$5.56/litre	\$1.43/100 g	\$0.91/100 g

Based on a Woolworths supermarket retail audit, September 2018

larger sizes. Such marketing practices are common across many product categories, with pack optimisation research (Wansink 1996) showing that consumers that make larger purchases end up consuming more.

As a society we need to ask ourselves whether these marketing tactics are acceptable for products like tobacco, alcohol, soft drinks and junk food, which are not only harmful, but also addictive and escalate the NCD epidemic. Tougher global regulations on such marketing practices are required to protect public health.

Furthermore, escalating energy and product consumption rates are strongest in emerging markets, which also have the highest birth rates and the least amount of regulations. The profit-oriented business culture is consequently having maximum impact in these countries. For example, in its recent annual report British American Tobacco (BAT) described Indonesia, the world's fourth most populous country with minimal tobacco marketing regulations, as a growth engine market (Greenland 2012). Similarly China, the world's most populous country with similarly weak regulations, has among the highest rates of smoking. The NCD epidemic is a ticking time bomb yet to explode in many emerging markets and is therefore another major consideration for future sustainability initiatives.

5.3 Sustainable Innovation

Along with tertiary education, innovation is integral to future sustainability (Cancino et al. 2018). Sustainable innovations encompass products, processes, ideas and behaviours that have positive social and environmental outcomes.

Innovation occurs along a continuum with smaller incremental improvements at one end and more radical ones at the other. For example, most sustainable household appliances are ongoing minor incremental improvements to existing products in terms of energy efficiency—while the product's appearance and functionality do not change, it makes a sustainable contribution by reducing GHG emissions. More radical sustainable innovations include new products like Australia's Naturally Cheeky's (naturallycheeky.com.au) unpasteurised fresh juice product that uses apple cider vinegar as a natural preservative. When mixed with sparkling water it provides a healthy alternative to highly processed, sugar-filled carbonated soft drinks, which helps to combat the NCD epidemic. This juice product radically differs from other drinks on the market, which means both consumers and retailers require education about it.

In terms of processes addressing sustainability challenges, climate-smart agricultural innovation is crucial for overcoming climate change that is causing drought severity and frequency, and to satisfy global population growth by increasing food productivity. As changing agricultural processes often entails a major shift in farming practices as well as government policy, such innovation is deemed to be more radical in nature.

Three-dimensional (3D) metal printing is another even more radical process innovation with the potential to revolutionise metal manufacturing. By its very nature,

3D printing is more sustainable in terms of materials used and corresponding waste minimisation. It also greatly enhances production efficiencies and reduces costs. For example, SPEE3D (spee3d.com) is one of the world's first commercial, mobile 3D metal printers that allows durable replacement parts to be built on site, removing the time lag associated with supply chain logistics and delivering huge savings through fast-parts production, as well as faster repairs and significantly reduced downtime. More extreme radical innovations like this have been defined as disruptive innovations, given their potential to disrupt and displace established products and practices (Christensen et al. 2015).

The above examples show that many global sustainability challenges can be addressed using innovations that already exist. So it is questionable on why many of these have yet not been adopted and the corresponding sustainability challenges ameliorated? Thus, an important future sustainability challenge is to speed up the adoption of sustainable innovation.

5.4 Case Study Analysis

The following case studies reveal a diversity of impediments to sustainable innovation adoption.

5.4.1 Case 1—*Innovation in Tertiary Education*

Education, tertiary in particular, is recognised as a key determinant of sustainable attitudes and behaviours (Nguyen et al. 2019—forthcoming). The importance of making tertiary education more widely available for future sustainability cannot be overstated. Online education is a significant learning innovation that has done just that, by making tertiary education accessible to those in full-time employment and full-time carers, as well as those living remotely. Over the past decade, the number of online students has grown phenomenally. For example, Swinburne University of Technology teaching programs for Open Universities Australia experienced an exponential growth in online students between 2007 and 2012 (Greenland and Moore 2014), with 68% of these over 30 years old (Open Universities Australia 2016).

Online education not only creates more socially responsible behaviour, but also enables workers to upskill to satisfy the business demand for trained employees. Online education is also more sustainable in terms of less energy being used in relation to travel and the provision of classrooms. However, online education has also created some unintended consequences, including significantly higher dropout rates compared to their on-campus counterparts (Maathuis-Smith et al. 2011).

A recent qualitative study investigated reasons for online student dropouts in Australia (Moore and Greenland 2017) and discovered that employment was the main factor, as cited by more than one-third of the students interviewed (see Fig. 5.1),

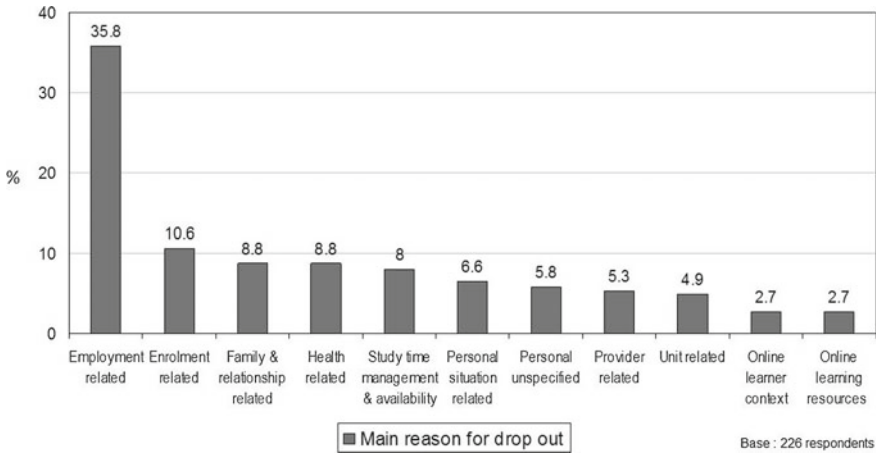


Fig. 5.1 Main dropout reasons among Australian online undergraduate students (Moore and Greenland 2017)

followed by personal factors. Ironically, but perhaps not surprisingly, it was the very nature of non-traditional students that caused their dropouts, namely the fact they are older, often working and have greater responsibilities compared to traditional students. This study also found that universities had not adapted their policies and procedures to accommodate online students.

A more serious unintended consequence of the online student dropout rates was due to a revision to the Australian Government’s university funding policy. That is student degree completion rates are now being used in Australia as a pseudo-teaching quality indicator to determine the level of funding given to universities (Moore and Greenland 2017). Thus, since online degree courses automatically experience higher dropout rates, universities engaged in online education are being penalised. This unintended consequence has major repercussions for future sustainability, as tertiary educators considering entering the online space may decide not to do so, and those already within it may be evaluating its viability. This unintended consequence therefore has the potential to significantly reduce the positive sustainability impact of the online education innovation.

5.4.2 Case 2—Innovation in Agriculture

More effective agricultural water management is essential for future sustainability. Agriculture is the largest commercial consumer of water, accounting for 70% of consumption (United Nations World Water Assessment Programme 2016). With ongoing climate change and increasing drought frequency, as well as the rapidly growing global population, water is likely to become a key security issue in the

future (CDP 2016). By 2050, without improvement to current agricultural practices, it has been estimated that the volume of water evaporated during crop production will almost double (Comprehensive Assessment of Water Management in Agriculture 2007).

Drip irrigation uses dripper lines at or below the plant root level and is widely regarded as the most water efficient form of irrigation. The clear sustainability benefits have made the World Health Organization (2016) determine it as a significant agricultural innovation, particularly critical where water supplies are limited. Israel is the ‘poster child’ for drip irrigation where its use has enabled agricultural output to increase tenfold while water consumption has remained the same (Dobbs et al. 2011).

As another largely arid country, and even though some drought evaluation systems classify Australia as not severely impacted by water challenges (e.g. Frenken and Gillet 2012), the country has encountered well-publicised, extreme droughts over the past few years. Its water challenges are aptly illustrated by the multibillion-dollar desalination plants serving Melbourne, Sydney and Brisbane (El Saliby et al. 2009). While drip irrigation is not suitable for all crops and environmental conditions, this innovation is not used as extensively as it could be in Australia, with flood irrigation remaining the most common agricultural method.

A recent Australian study by Greenland et al. (2018) investigated reasons why more farmers do not use drip irrigation, via 40 depth interviews with agricultural stakeholders and a survey of 148 farmers. The results showed that while farmers recognise drip irrigation as the most water efficient method, water efficiency was not their main selection criterion. This study also revealed numerous interrelated barriers to adopting drip irrigation (see Fig. 5.2).

As shown in Fig. 5.2, internal barriers included the financial resources required for installing the drip irrigation system, as well as technological familiarity. Many of

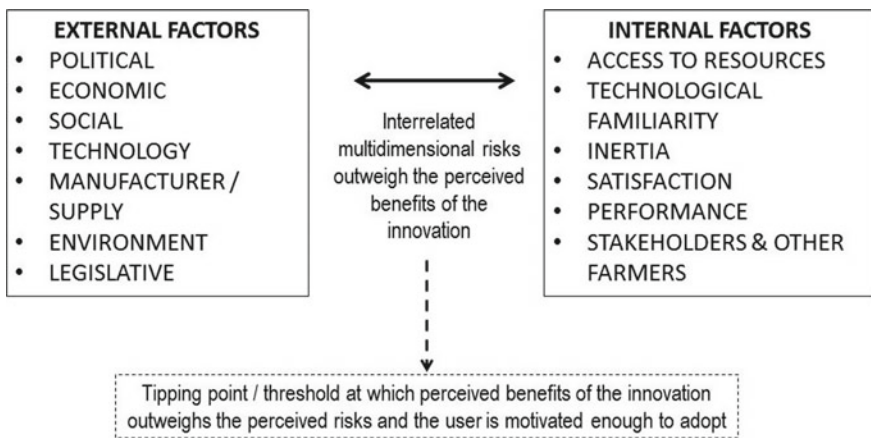


Fig. 5.2 Barriers to sustainable innovation adoption (Greenland et al. 2018)

the farmers that used an alternative irrigation method also used drip to a lesser extent on part of their property, or have used it in the past. For these farmers, a switch to drip irrigation represented incremental innovation, compared to more radical innovation for those with no prior experience of it. Inertia, or lacking motivation to change, along with being satisfied with the current method's performance were also primary internal barriers to drip irrigation adoption.

External barriers to adopting drip irrigation included the environmental conditions that determine the suitability of the innovation, as well as a host of economic, social and technological aspects. Although the most revealing external barrier related to government policies supporting the use of alternative irrigation methods—most federal and state government irrigation initiatives involved investment in water delivery systems (i.e. getting water to the farm, typically via open channels), rather than its efficient application to crops. Such policies also include rewards for capturing water that runs off the land after application, rather than rewarding farmers for using less water in the first place.

The popularity and widespread use of less water efficient flood irrigation, including widely available support and equipment, have reinforced farmers' continuance of this method. The barriers shown in Fig. 5.2 are all interrelated, and for many farmers the perceived risks of changing to drip irrigation outweighed the perceived benefits.

This case study shows the role barriers have in the adoption of sustainable technology. Increasing the use of drip irrigation in Australia represents a major reform, involving changes to government policy and the agricultural sector's view towards irrigation. Thus, drip irrigation represents a disruptive technology, with any widespread adoption displacing established practices and policies.

5.4.3 Case 3—Innovation in Regulation

The third research case study involves innovative tobacco regulation, which seeks to combat the NCD epidemic, as well as the socially irresponsible tobacco industry response. Australia has some of the toughest tobacco regulations in the world and is regarded by the industry as a 'dark' market (Greenland 2015). While 'Big Tobacco' consistently denies the impact of regulation on the incidence of smoking, the relationship between regulation and smoking rates is clear, as illustrated in Fig. 5.3.

Public health campaigners have advocated plain tobacco packaging since the 1980s, and yet it took more than 30 years for Australia to become the first country to successfully implement such legislation after overcoming fierce industry opposition, including a public campaign telling consumers that 'plain packaging makes no sense' (Greenland 2012). While smoking rates in Australia have fallen to an all-time low, the industry continues to deny the logic of plain packaging and strongly resists its implementation in other countries.

Australia introduced plain packaging in 2012 along with the first of a series of substantial annual tax excise increases. However, the tobacco industry is well known for

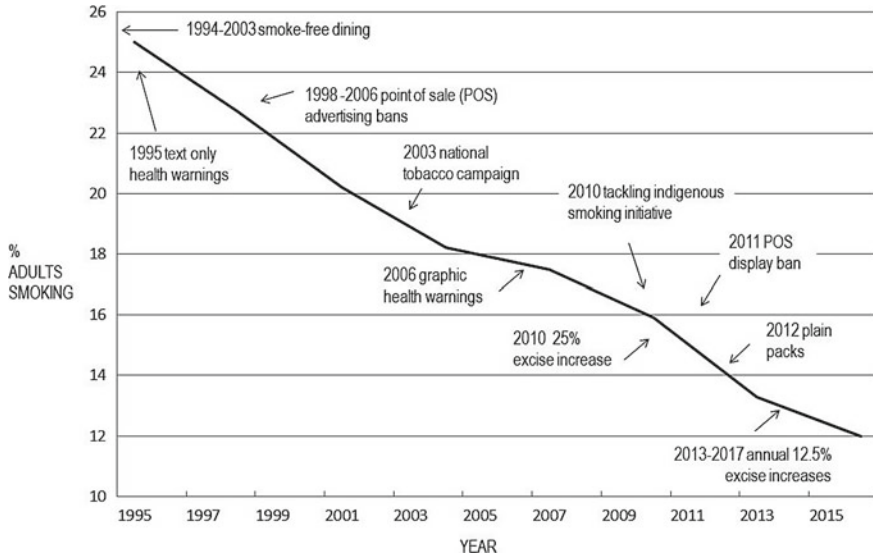


Fig. 5.3 Impact of tobacco regulations on adult smokers in Australia (Greenland 2016)

Table 5.2 Number of cigarette brand colour variants before and after introduction of plain packaging in Australia

	2012	2013	2014	2015
Variant names with colour (<i>n</i>)	81	120	113	111
Variant names with colour (%)	47	65	73	76

After Greenland (2016), Greenland et al. (2016)

responding to regulation with marketing activities that thwart its impact. Greenland (2016) therefore investigated the industry response to regulation via the brand strategy of Australia’s three main tobacco manufacturers before and after plain packaging was regulated.

Following its introduction, there was a substantial increase in the use of colour brand variant names (see Table 5.2). For example, Dunhill Infinite changed to Dunhill Infinite White, and Dunhill Distinct to Dunhill Distinct Blue.

While this might appear a minor marketing response, it has some sinister underpinnings based on the long-standing myth of healthier cigarette options. Back in the 1970s, medical practitioners started recommending low-tar options, and the industry responded by introducing ‘light’ and ‘mild’ cigarette variants. Smokers were led to believe these were less harmful than the stronger ‘original’ brands. Yet the US Surgeon General subsequently reported that the filter ventilation associated with the ‘less harmful’ variants encourages smokers to suck harder on the cigarette, thus drawing the smoke deeper into the lungs, which results in deeper cancers.

In the 1980s, the uses of terms like ‘mild’ and ‘light’ and ‘ultra-light’ were banned in many countries in an attempt to end the healthier cigarette myth. The industry responded by using package colouring to signify the tobacco strength, with darker

colours like red and black representing stronger, full flavour brand variants, paler colours like blue representing mild and light variants, and white, yellow, silver as the ultralight options. The subsequent use of colour brand variant names in Australia after plain packaging was introduced is an adaptation of the same strategy to perpetuate the healthier cigarette myth.

Furthermore, to offset the tax excise price increases that were also introduced in Australia after plain packaging, the industry started offering twin-pack sales discounts of around 10% for buying two packs. Some manufacturers also repositioned their brands by cutting prices, such as the BAT Rothmans brand which was reduced by 30% (Greenland 2016).

It is clear that the tobacco industry has responded to Australia’s innovative tobacco regulation with its own equally innovative but unsustainable and socially irresponsible marketing tactics. These have been used in an attempt to overcome two of the main reasons people choose not to smoke—perceived health risks and the expense associated with this habit.

5.5 Sustainable Innovation Adoption Model

The three case studies discussed in this chapter highlight different dimensions that negatively affect the adoption of sustainable innovations. The model presented in Fig. 5.4 summarises these impediments. In summary, the online education research

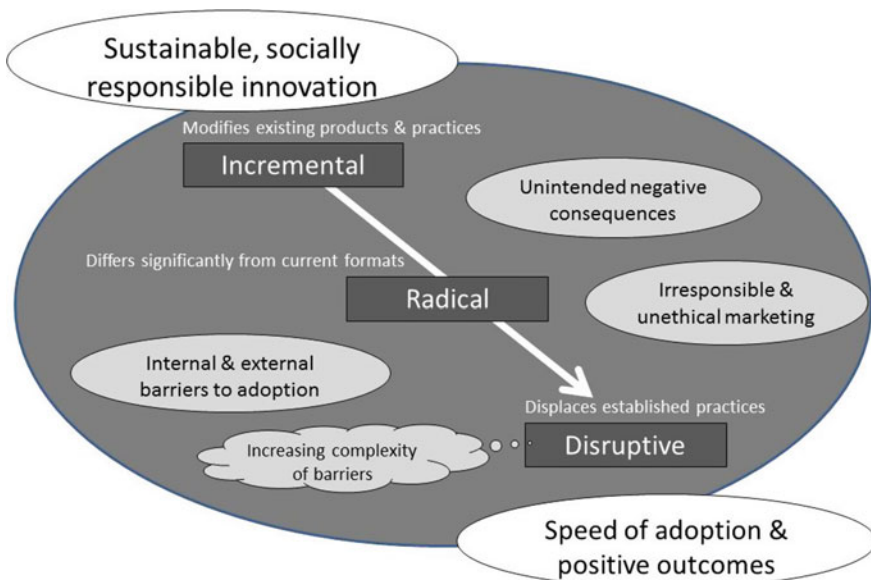


Fig. 5.4 Sustainable innovation adoption model (Based on the case study analysis)

highlighted the unintended consequences of innovation, which can slow down adoption and may deter uptake altogether. The drip irrigation research illustrated the many interrelated internal and external barriers to adoption, which increase in complexity the more radical the innovation. Minor incremental innovations may still take some time to be adopted, but the rate of adoption is slower for more radical innovation, especially for disruptive innovations like drip irrigation where reform to government funding and agricultural policy is required. The research examining the tobacco industry's innovative response to innovative regulation illustrates the effect of irresponsible marketing on positive sustainability outcomes such as reducing the NCD epidemic.

The model presented in Fig. 5.4 should help researchers consider the impediments to sustainable innovation. By identifying and understanding these factors, it should be possible to accelerate the innovation adoption process and thereby speed up the positive sustainability outcomes.

5.6 Irresponsible Marketing

This last part of the chapter discusses the proliferation of irresponsible marketing practices. Table 5.3 shows how global expenditure on market research has more than tripled over the past 20 years, partly driven by internationalisation and the increase in multinational revenue derived from emerging markets. This focus on emerging markets presents future sustainability concerns because of their rapidly growing populations and limited regulations, which enable companies to operate with minimal regard to both environmental and social impacts, or indeed within acceptable ethical boundaries (e.g. Rome 2017).

In particular, the marketing of harmful products in emerging markets like Indonesia also appears to be influencing the dramatic rise in NCDs in these countries. Furthermore, the tobacco industry has perfected the use of the different marketing mix elements, including price, packaging, promotion and branding in highly regulated developed countries like Australia, which are then used to full effect in less regulated, emerging markets.

This growth in global market research has also been driven by increasing expenditure on collecting and analysing big data, particularly from social media sources.

Table 5.3 Annual turnover of the global market research industry since 2001 (ESOMAR 2002, 2014, 2017)

Year of turnover	USD \$B
2001	17.8
2013	62.6 ^a
2016	67.9 ^a

^aIncludes big data and analytics

For more than 10 years, companies like Mindset Media have been investigating the marketing potential of understanding consumers' online behaviour, using psychographics to segment online users according to personality type (PR Newswire 2010). Personality has long been recognised as offering great potential as a segmentation variable—if you understand a media consumer's personality, it is clearer what communications are required to 'push the right buttons' to influence attitudes and behaviours.

The ability to use personality and psychographics for large-scale marketing initiatives is a recent innovation facilitated by social media and showcases the increasing levels of marketing sophistication. Marketers have become progressively more active in this regard, although the influencing of social media users has generated most publicity in the political arena. For example, marginal election victories including Trump in the 2016 US presidential election and the Brexit vote in the UK have been scrutinised for using psychographic social media micro-segmentation and targeting techniques (e.g. Gilligan 2017; Ward 2018). Such political results can negatively impact on future sustainability initiatives, particularly in relation to carbon emissions and climate change, as well as social disharmony via increasing nationalistic sentiments and the weakening of public health care (e.g. Corbett 2016; Goldstein and Greenberg 2018).

Businesses are also increasingly using psychographics for advertising and public relations initiatives to garner public support for corporate interests and opposition to policies that promote sustainability and public health. For example, Australia's mining industry holds strong political sway and has clearly influenced political leadership challenges, including the end of Kevin Rudd's prime ministership which was precipitated by its oppose mining tax campaign (Linden 2012). The Australian Government in response to industry opposition and its manipulation of public opinion also removed its carbon tax, which was having a positive impact on GHG emissions. These are now at record level highs in Australia (Jericho 2018), and the latest government energy policies are in support of brown coal power stations and fracking, moving further away from a sustainable future.

5.7 Conclusion

Charles Darwin would be fascinated by the sustainability challenges of the modern world. The ongoing, unprecedented human-made major extinction event validates his theories in relation to extinction and natural selection (Darwin 1859), which took 70 years to become widely accepted and are even more pertinent today. 'Survival of the fittest' dictates that many less affluent nations and segments of society, without the resources to ameliorate or respond to the detrimental environmental and social impacts of human activity, will suffer and decline.

If future generations are to live without economic, social and environmental hardship, action is required now, not in another 70 years. As global population increases and climate change accelerates, without appropriate response to address the numer-

ous detrimental effects of human activity, sustainability challenges will become even more acute.

Future sustainability is feasible, but requires the resources and determination necessary for creating equilibrium between economics, the environment and society. It is also dependent upon people, businesses and governments all taking greater responsibility for the problems they cause.

Solutions to many global sustainability challenges already exist in the form of sustainable innovations. Yet as revealed by the case studies examined here, such innovations often face an array of impediments that either reduce the speed of adoption or prevent them from being adopted at all. The model presented in this chapter summarises such impediments, including radicalness of the innovation, internal and external barriers to adoption, unintended negative consequences, as well as unsustainable and irresponsible marketing responses. Further research to understand and overcome impediments is essential in order to speed up sustainable innovation adoption rates.

The case study analysis also highlighted the significance of sustainable government initiatives, including appropriate regulation, as a key driver of positive environmental and social outcomes. Since companies and industries are unable to effectively self-regulate (Jones et al. 2012), governments must take the responsibility for guiding industries, as well as making them accountable when they behave unethically and irresponsibly.

A sustainable future requires businesses to strive for environmental and social goals, not just their financial targets. Yet most multinationals and their executives remain driven by financial goals and are operating with impunity around social and environmental obligations. Consequently, the world is moving in an increasingly unsustainable direction.

It would appear that the influence of multinationals, in conjunction with increasingly sophisticated marketing practices for influencing consumer opinion, prevents future sustainability-oriented policies from being implemented and protects these businesses from being held accountable for their actions.

With revenues that often exceed the gross domestic product GDP of many countries, including substantial developed markets (Green 2016), many multinationals exert immense political sway and dictate government policy that favours their profit motives. For example, oil and gas companies like Exxon Mobil, BP and Shell exceed the GDP of 175 countries. This provides a clearer perspective on their resistance to the phasing out of fossil fuels and their lack of investment in renewable energy sources. It also highlights this industry's blatant disregard for responsible and ethical behaviour, which includes a long history of bribery and corruption (Lyll 2018), as well as a lack of accountability for causing ongoing environmental pollution, including GHG emissions.

The tobacco industry case study provides another clear example of unethical corporate practice, particularly as tobacco is the key driver of the global NCD epidemic. While public health campaigners in developed countries applaud their regulatory successes like plain packaging in Australia, and talk about the tobacco 'end game' (e.g. Henningfield 2014), the reality in many emerging markets is starkly different. An

unintended consequence of such regulation in Western countries has been cultivation of the tobacco industry's expertise in using the remaining, unregulated elements of the marketing mix. This full complement is then used to maximum effect in emerging markets like Indonesia which has little regulation and where 65% of males aged 15 or over smoke daily (World Health Organization 2017).

To help offset the impact of unsustainable marketing practices education, tertiary education in particular, has proven a key determinant of sustainable attitudes and behaviours. Universities play a vital role in shaping future sustainability. Thus, more clearly defined sustainability strategies by universities, which promote sustainable attitudes and behaviours in consumers, businesses and governments, are needed to optimise their positive impact. This need is greater than ever before, given marketing's increasing sophistication and potential to influence political and consumer opinion, not least by companies hoodwinking them into dismissing the need for sustainability initiatives and by promoting unsustainable alternatives. Universities must take up the mantle of citizen, industry and government watchdog and actively promote more ethical, social and environmental responsibility. This could be achieved through the following:

- More clearly defined strategies for sustainability education dissemination, including:
 - core degree units/courses in sustainability
 - sustainability communication initiatives via public lectures involving local schools and businesses, as well as alumni.
- Promoting and supporting sustainability-focused research initiatives, including:
 - advancing innovative sustainability technology
 - identifying how to overcome the barriers to innovation adoption
 - evaluating and exposing unsustainable and irresponsible business practices.
- Leading by example and not accepting sponsorship from organisations that engage in unsustainable activities, while supporting sustainable organisations and politicians.

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Chapter 6

Corporate Social Responsibility Practices of Selected Private Corporates in Kerala



Ganga R. Menon

Abstract Corporates play an important role in the development of our economy. They have an obligation towards the society. The corporate social responsibility (CSR) initiatives undertaken by different corporates have significantly contributed a lot to the society. Kerala is a state which is famous for its Kerala model of development. The state stands first in all human development indicators but the industrial and agriculture sector is not performing well. This backward trend of industrial sector has also affected the corporate social responsibility initiatives undertaken by both public and private corporates in Kerala. Most of the public sector corporates are loss making and in the case of corporate social responsibility private corporates are more engaged in such activities when compared with public sector. Even though the performance of Kerala in corporate social responsibility is not outstanding, there has been a significant change in it over the past few years. It was mainly after the introduction of the Companies Bill 2013, when spending on corporate social responsibility was made mandatory. The paper focuses on corporate social responsibility activities followed by selected private corporates in Kerala after the implementation of provisions under the Companies Bill 2013 and the study is based on secondary data.

Keywords Corporate social responsibility · Kerala · Private corporate · Companies Bill 2013

6.1 Introduction

The World Business Council for Sustainable Development (WBCSD) defines corporate social responsibility as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society

G. R. Menon (✉)

Department of Economics, NSS Hindu College, Changanassery, Kerala, India
e-mail: gangarmenon@yahoo.co.in

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at large towards its stakeholders. Corporate social responsibility involves incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive, social and environmental changes and thus it is also referred to as corporate citizenship.

The Indian economy has one of the richest traditions of corporate social responsibility. In India till 1850, wealthy merchants used to share a part of their wealth with the society by helping them in getting over famine and epidemics. With the arrival of the British the approach towards corporate social responsibility changed and industrial families such as Tata, Birla and Bajaj were strongly inclined to economic as well as social considerations. During the independence movement, Mahatma Gandhi introduced the notion of “trusteeship”, according to which the industry leaders have to manage wealth so as to benefit the common man. Public sector units were set in 60’s and 80’s so as to ensure suitable distribution of resources to the needy. After the introduction of New Economic Policy in 1991, the increased growth momentum of the economy helped the Indian companies to contribute towards a social cause.

There has been a significant change in corporate social responsibility spending after the introduction of the Companies Bill 2013. The clause 135 schedule VII of Company Bill 2013 states that the registered organisations under the companies law or any previous laws (Section 1) of (Section-135) having net worth of rupees 500 crores or more or turnover of rupees 1000 crores or more or net profit of rupees 5 crores or more during any financial year should adopt corporate social responsibility mandatorily and it was also stated they have to spend 2% of its average net profit made during the three immediately preceding financial years on CSR.

When compared to other states in India, corporate social responsibility activities are limited in Kerala. But corporate social responsibility activities are being undertaken in Kerala by public enterprises as well as by private sector corporates. But private corporates are more involved in such activities because majority of the public sector enterprises in Kerala are loss making.

6.2 Review of Literature

Davis et al. (1998) in his book business and society opined that the creation of a better social environment benefits both society and business. Society benefits through better neighbourhoods and employment opportunities, whereas business benefits from a better community because the community is the source of its workforce, and the consumer of its products and services.

An ideal corporate social responsibility has both an ideal and philosophical dimensions particularly in India where there exists a wide gap between sections of people in terms of income and standard as well as socio-economic status.

Windsor (2001) in his article tries to analyse the relationship between business and society in the long run. With the help of Carroll’s model, the researcher found out that there are three emerging alternatives of CSR they are: conception of responsibility, global corporate citizenship, stakeholder management practices.

Moon (2004) paper focused on the role of government in implementing CSR. According to the researcher drivers of CSR are related with business and society. Business includes its reputation, corporation itself, employees relation, knowledge, etc. Government can play an important role through making policies and regulations. It also emphasises the role made by government of other countries for encouraging CSR.

Panda (2008) has opined that corporate social responsibility first took root in Kerala. According to Panda in 1902, an entrepreneur named Ariyavaidyan P S Warriar who set up Arya Vaidyasala at Kottakkal stipulated in his will that 40% of profit of his organisation would go to hospital catering the needs of the poor and indigent and another 50% to an Ayurveda college in neighbourhood. If this was not enough, he willed a remaining part of his profit for the promotion of Kathakali a dance form belonging to the rich art tradition of Kerala.

ASSOCHAM (2010) found out that out of 20 states and union territories Kerala has minimum attention of 0.71% towards corporate social responsibility initiatives.

Sankar (2014) in her paper had identified that CSR activities by private companies in India began in 1991. Three-fifths of the private companies have initiated the CSR activities between 1991 and 2005, and they concentrated more on education-related activities.

Verma et al. (2015) in his study on corporate social responsibility expenditure of the ten largest and most powerful companies in India prior to the implementation of CSR provisions of Companies Act 2013 suggested that large corporations are precursors to CSR commitments in a society and hence, mandatory CSR spending in large companies is likely to have a positive influence on the CSR activities of small companies.

6.3 Significance of the Study

Kerala's involvement in corporate social responsibility is not satisfactory when compared with other states in India. On the basis of a survey conducted by Next Gen and FICCI on corporate social responsibility across India, it was found that there are only 20 companies which are seriously engaged in corporate social responsibility in Kerala and the total amount spent for corporate social responsibility is 16,082 crores. But it is less when compared with corporate social responsibility spending of states like Maharashtra and Tamil Nadu, which has more than 40 companies and spending more than 100 crores for such activities. But there is an increase in corporate social responsibility spending to 19.09 crores during the financial year 2016–17. When compared to public sector, the private sector companies are engaged in corporate social responsibility activities. This is because majority of the public sector in Kerala is loss making and those who are making profit are just making normal profit. In this context, the study tries to analyse the corporate social responsibility spending of selected private corporates in Kerala.

6.3.1 Objectives

1. To analyse, examine and compare the CSR activities of selected private corporates in Kerala.

6.3.2 Methodology

The study is based on secondary data sources like CSRBOX survey, websites, CSR reports, etc.

6.3.3 Companies Act 2013

The actions of the companies have an impact on the environment and the local communities. The corporates and the government are aiming for responsible policies that while promoting commercial interests also take into account the requirements of the populations that will be directly or indirectly affected by their policies. The Government of India had issued National Voluntary Guidelines in 2011 listing out social environmental and economic responsibilities of businesses in India. But these guidelines were advisory rather than mandatory. CSR spending was made statutory obligation for companies incorporated under the act with the New Companies Act 2013. The aim of the act was that corporate should act as a good corporate citizen by giving back something to the communities.

The clause 135 schedule VII of Company Bill 2013 states that the registered organisations under the companies law or any previous laws (Section 1) of (Section-135) having net worth of rupees 500 crores or more or turnover of rupees 1000 crores or more or net profit of rupees 5 crores or more during any financial year should adopt corporate social responsibility mandatorily and it was also stated they have to spend 2% of its average net profit made during the three immediately preceding financial years on CSR. The company also should constitute a corporate social responsibility committee of the board constituting of three or more directors out of which one shall be an independent director. The committee will recommend a CSR policy and recommend the amount of expenditure on CSR. It also states that companies should give preference to local areas and areas around it where it operates. If the company fails to spend, it shall specify the reason for not spending the amount in its report. It shall carry activities through a registered trust, a Section 8 company or a registered society. The activities range from poverty eradication, gender equality, reducing gender equality, reducing child mortality, ensuring environmental sustainability and social business projects.

The act had a positive impact on society on the following ways:

- More capital for social development
- More impactful spending on CSR since it is mandatory
- It has become a parameter for the consumer for analysing a company
- Helps in creating an economy based on collaboration rather than competition since many CSR projects are undertaken on the basis of collaboration among companies
- Employees of the company will also become socially responsible.

6.4 Corporate Social Responsibility Activities of Selected Companies in Kerala

According to survey conducted by CSR BOX in 2016, eight BSE listed private corporates are actively involved in corporate social responsibility. They are Federal Bank, South Indian Bank, Geojit Financial Services, AVT Natural Products, V-Guard, Kitex, Manappuram Finance and Muthoot Finance. Only three companies are spending the prescribed amount. Detailed analysis of CSR spending of private corporates in Kerala is given in Table 6.1.

Table 6.1 shows the corporate social responsibility spending of various private corporates in Kerala. It can be found that out of 8 private corporates only 3 corporates are spending the prescribed amount. There are several reasons for not spending the adequate amount such as:

Table 6.1 Corporate social responsibility activities of selected companies in Kerala

Companies	Year(Amount in crores ^a)					
	2014–15		2015–16		2016–17	
	Actual (Crores)	Prescribed (Crores)	Actual (Crores)	Prescribed (Crores)	Actual (Crores)	Prescribed (Crores)
V-Guard	1.63	1.63	1.81	1.81	2.39	2.39
Muthoot	8.92	26.9	14.62	24.89	15	23.59
AVT	0.15	1.49	0.95	1.28	0.83	1.03
Federal Bank	7.27	28.83	12.30	26.18	15.42	23.02
Manappuram Finance	4.71	10.17	9.19	7.08	11.24	8.69
South Indian Bank	1.45	11.98	2.30	11.57	4.03	11.44
Geojit	0.99	1.03	1.35	1.38	1.36	1.34
Kitex	1.48	1.14	3.19	1.82	6.09	2.67

Source CSR BOX and corporate social responsibility reports of the corporates

^acrore is a unit of measurement which is equivalent to ten million

- Not able to identify suitable projects
- Company is having long-term projects so the unspent amount will be spent in the next coming years
- The company will spent the unspent CSR amount in next coming years.

In all the three financial years, V-Guard has spent the entire amount prescribed for corporate social responsibility. The spending on corporate social responsibility activities has increased from 1.63 crores in 2014–15 to 2.39 crores in 2016–17. Even though Manappuram Finance did not spent the prescribed amount in 2014–15, the unspent amount was utilised in 2015–16 which means in 2014–15 Manappuram Finance spent only 4.71 crores when compared to the prescribed amount 10.17 crores but in 2015–16 even though the prescribed amount is 7.08 crores the corporate spent 9.19 crores and 11.24 crores in 2016–17 (prescribed amount was 8.69 crores). Kitex Garments Limited has spent more than the prescribed amount in the entire three financial years. The amount spent by Kitex has increased from 1.48 crores in 2014–15 to 6.09 crores in 2016–17.

This study mainly focuses on the corporate social responsibility activities of V-Guard, Kitex and Manappuram Finance which have spent the prescribed amount for corporate social responsibility.

6.4.1 Kitex Garments Limited

The Anna Kitex group of companies was founded by Late Shri M C Jacob, and Kitex Garments Limited is the largest employer of the private sector in Kerala. The company was established in 1992 near Cochin. The company was started with 1.8 crores in 1995–96 and has a turnover of more than 550 crores at present.

The company is always dedicated towards CSR activities and has spent more than the prescribed CSR budget in the last financial years. The company implements all its CSR activities directly in Kizhakkambalam panchayat alone. Their vision is to make Kizhakkambalam panchayat the best in the state.

The corporate has taken CSR initiatives like: Agriculture Participative and group farming, Food Security Programme, Health Care Regular Health and Medical Check-up Camps, Housing “EndeVeduPadhathi”, Infrastructural development, etc.

Table 6.2 shows the CSR spending of Kitex Garments Limited. The Kitex Garments Limited spent on environment, education, health, activities which eradicate poverty and hunger, providing safe drinking water, women empowerment, etc. Out of these activities, it spends more on environment-related activities. In 2014–15, its spending on environment was 34.42% which has increased to 91.3% by the year 2016–17.

Table 6.2 Corporate social responsibility spending of Kitex Garments Limited

Variables	Year		
	2014–15	2015–16	2016–17
Environment	34.42	94.3	91.3
Education	4.36	3.13	3.8
Health	1.210	0.54	1.42
Poverty, eradicating hunger and malnutrition	20.9	1.4	2.36
Safe drinking water	5.02	0.63	1.12
Gender equality	34.04	–	–

Source Compiled from CSR reports of Kitex Garments Limited

6.4.2 V-Guard

Mr Kochouseph Chittilappilly in 1977 set a robust brand in the Indian electric and electronic goods sector. V-Guard was started with just a capital of Rs. 100,000 which grew to become a name synonymous with voltage stabilisers across south India. The company soon extended their range of products to voltage stabiliser, digital UPS, inverter, electric water heaters, etc. The company is headquartered in Ernakulam. The company is always dedicated towards CSR activities and has spent the entire prescribed CSR budget in the last financial years.

V-Guard spends on activities like: Government hospital infrastructure development project, health awareness programme, Children Education Sponsorship Project, BIG IDEA—Skill Development Program, “sandwanam”—programmes and cultural festivals for the special, differently abled children, swachh bharath initiative, etc. The company does CSR activities directly as well as with the help of other agencies. It carries out its activities across India.

Table 6.3 shows the CSR spending of V-Guard. From the table, it can be understood that V-Guard spent on environment, education, health, women empowerment and promoting sports, etc. Out of this, it spends more on health and education-related activities. In 2014–15, V-Guard spending on health was 25.4% in 2014–15 which was increased to 56.54% by 2016–17. V-Guard mostly undertakes activities like Government hospital infrastructure development project, health awareness programmes in the health sector.

6.4.3 Manappuram Finance Limited

Manappuram Finance Limited is one of India’s leading gold loan non-banking financial companies (NBFCs). The origin of this company dates back to 1949, founded by late Mr. V C Padmanabhan at Valapad near Thrissur. It was taken over by Mr. Nandakumar in 1986 after the death of his father Mr. V C Padmanabhan. Since then

Table 6.3 Corporate social responsibility spending of V-Guard

Variables	Year		
	2014–15	2015–16	2016–17
Environment	21.39	20.8	11.7
Education	51.7	40	28.6
Health	25.4	31	56.54
Poverty, eradicating hunger and malnutrition	–	–	–
Safe Drinking water	–	–	–
Women empowerment	1.51	8.2	–
Promote sports	–	–	3.2

Source Compiled from CSR reports of V-Guard

it had unparalleled growth and today it has 3747 branches across 28 states and union territories.

Manappuram Finance Limited stands at the forefront of society to upgrade the lives of people under Below Poverty Line. The main intention of Manappuram Foundation is to bring a sustainable change and growth in marginalised people in society. Manappuram Foundation started at Thrissur, near Valapad on October and it also intended to spread its wings across the country. The foundation works for the betterment of the health sector, education, women empowerment and other social sectors. Apart from the title of a cooperative institute, they always strive to protect the social concerns of the society through some gentle invasions. Manappuram also enacted in the forefront to accomplish their social responsibilities. It's been half of the century, Manappuram have been part of the philanthropist activities.

Table 6.4 shows the CSR spending of Manappuram Finance Limited. From the table, it can be understood that Manappuram Finance spent on activities related to education, health, environment, eradicating poverty, promoting sports, women empowerment, providing drinking water, sanitation facilities, rural development, welfare of senior citizens, arts and culture, vocational skills. They spent more on education and health-related activities. The spending on education has increased from 25.22% in 2014–15 to 68.7% in 2016–17. They undertake activities like Manappuram Academy of Professional Education, Manappuram Academy for Entrance Coaching in the education sector.

6.4.4 Findings of the Study

The study findings centred on the corporate social responsibility activities of selected private corporates in Kerala

- According to survey conducted by CSR BOX in 2016, eight BSE listed private corporates are actively involved in corporate social responsibility. They are Federal

Table 6.4 Corporate social responsibility spending of Manappuram Finance Limited

Variables	Year		
	2014–15	15–16	16–17
Environment	2.39	1.79	
Education	25.22	58	68.27
Health	60.9	35.4	27
Poverty, eradicating hunger and malnutrition	–	–	–
Safe drinking water	–	–	–
Women empowerment	4.35	1.35	3.07
Promote sports	0.02		
Senior citizens welfare	2.1	3.04	1.15
Vocational skills	2.61		
Arts and culture	0.06		
Livelihood	2.35		
Sanitation		0.42	
Rural development			0.51

Source Compiled from various CSR reports of Manappuram Finance Limited

Bank, South Indian Bank, Geojit Financial Services, AVT Natural Products, V-Guard, Kitex, Manappuram Finance and Muthoot Finance.

- V-Guard, Manappuram Finance and Kitex are spending an amount equal or more than the prescribed amount for CSR. Kitex Garments Limited has spent more than the prescribed amount in the entire three financial years. The amount spent by Kitex has increased from 1.48 crores in 2014–15 to 6.09 crores in 2016–17.
- The aim of Kitex is to make Kizhakkambalam panchayat the best panchayat in Kerala by 2020. Kitex is spending more on environment-related activities like participative group farming, fruit farming rice farming, etc. They undertake CSR activities directly and concentrate only in the local area where it is situated.
- V-Guard spends more on health-related activities like Government hospital infrastructure development project, health awareness programmes, etc. In 2014–15, V-Guard spending on health was 25.4% in 2014–15 which was increased to 56.54% by 2016–17.
- Manappuram Finance the spending on education has increased from 25.22% in 2014–15 to 68.7% in 2016–17.
- All the three corporates are spending on a variety of area but they concentrate on environment, education and health sectors the most.
- The companies have been consequently spending on CSR activities after the implementation of companies Act 2013, after which CSR has been made mandatory.
- All the corporates have enclosed their CSR details in their websites, and they have a separate department for carrying out these activities.

- There are only few data source to understand about CSR activities in Kerala except some national surveys and the national CSR portal which was launched by the corporate affairs department, Government of India in 2018.

6.4.5 Challenges Faced by Corporates

- There is a general belief that CSR activities are strategy based.
- Lack of awareness among the general public on CSR activities by companies will make the general public doubtful on why companies are doing this.
- Overinfluence of media will force them to conduct event-based programmes rather than grass-root interventions.

6.4.6 Suggestions

- The companies must ensure transparency in all its activities.
- Companies engaged in CSR should be recognised and rewarded.
- Penal system should be made for defaulters.
- Training, conferences and seminars must be conducted by companies to create awareness about CSR.

6.5 Conclusion

India has a rich tradition in the case of CSR activities. Most of the industrialised states like Gujarat, Maharashtra are actively involved in CSR. But Kerala even though its HDI can be compared with other developed economies in the world it contributes very less for CSR. The main reason is that Kerala is industrially backward and most of the public corporates based in Kerala are loss making. According to several surveys, there are very few companies contributing in CSR activities. But after the Government of India made it mandatory, it has been found that there has been an increase in the number of corporates actively engaged in CSR. Making CSR mandatory has created an interest among corporates to do more such activities. From this study, it can be understood that private corporates in Kerala are actively involved in CSR activities. They focus on environment, education and health-related activities and the corporates have a strong vision regarding their activities use of resources for social change. The study did not analyse how far these activities are beneficial to the society which gives a scope for further research on this topic.

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Chapter 7

Hero or Villain: A Study Based on Aravind Adiga's "the White Tiger" as Reach of Realism



S. D. Sasi Kiran

"I have a dream that my four little children will one day live in a nation where they will not be judged by the color of their skin, but by the content of their character" (Martin Luther King, Jr.).
"They remain slaves because they can't see what is beautiful in this world" (Aravind Adiga, *The White Tiger*).

Abstract Aravind Adiga's *The White Tiger* is the most important work exploring man's association in terms of contemporary social reality told against a specific locale, Bangalore. In a very broad sense, the novel is committed to the exploration and revelation of the nature of reality through the narration of human actions. This paper tries to investigate the ways in which Adiga comes to terms with the subject of man's perennial fascination with ethical concerns assuming deeper and deeper layers in the social fabric. This paper may be thought of an attempt to study in decadence; memories of the past haunt the world of the present. Balaram, the protagonist of the novel, seems to direct, control, inspire and even sit in judgment over the lives of the other characters. The whole complex of activity is dominated by him who represents an inclusive consciousness in the roles of observer, participant, victim and beneficiary. The cynical, non-casual relationship between the events narrated, takes precedence over the linear, logical relationships. This paper also examines the idea of ethical corporate behavior through the lens of brilliant episodes, suggesting the whole idea of ethics and corporate behavior.

Keywords The White Tiger · Aravind Adiga · Social Realism · Balram

Mumbai settled Indian novelist Aravind Adiga's *The White Tiger* is "a compelling, angry and darkly humorous novel about a man's journey from Indian village life to entrepreneurial success described as an unadorned portrait of India seen from the bottom of the heap." Aravind Adiga's debut novel, *The White Tiger*, accomplished

S. D. S. Kiran (✉)

Gandhi Institute of Technology and Management, Bangalore, India
e-mail: vallidhar26@gmail.com

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the 2008 Man Booker Prize, the fourth Indian-born author to achieve the accolade, joining the other man booker prize winners from India—Salman Rushdie in 1981, Arundhati Roy in 1997 and Kiran Desai in 2006. “*The judges found the decision difficult because the shortlist contained such strong candidates. In the end, The White Tiger prevailed because the judges felt that it shocked and entertained in equal measure. The novel undertakes the extraordinarily difficult task of gaining and holding the reader’s sympathy for a thoroughgoing villain. The book gains from dealing with pressing social issues and significant global developments with astonishing humour*” (Michael Portillo, Chair of the judges). The “villainous tale of modern India” that wins £50,000 cash prize is about the dark side of the new India. Born in central India, Balram Halwai, son of rickshaw puller dreams of escaping his life as a tea shop worker turned chauffeur. Yet when his chance finally arrives and his eyes are opened to the revelatory city of New Delhi, Balram becomes caught between his instinct to be a loyal son and servant and his desire to better himself. As he passes through two different India on his journey from the darkness of village life to the light of entrepreneurial success, he begins to realize how the tiger might finally escape his cage, and he is not afraid to spill a little blood along the way.

The White Tiger as reviewed by Kevin Rushby as “*a witty parable of India’s changing society*” observes the reality of India’s economic miracle through the lies and betrayals of its antihero and narrator, Balram Halwai, making his lead into the heady heights of Bangalore’s mega-business. Adiga’s extraordinary task of projecting the important social issues through seven letters addressed by Balram to the Chinese premier, Wen Jiabao, on the eve of a state visit exploring unfairness between India’s aggressively commercial urban leaders and rundown rustic followers in a perfect Dickensian tone, confirms what happens when these two classes crash and conspire with each other. Adiga’s narrator, Balram Halwai, uneducated and underprivileged, belongs to India’s vast rural vicinity. He moves to Delhi and becomes a rich man’s driver. Though he fulfills his ambition of becoming the owner of a successful start-up company in Bangalore, but in the process, he pays a terrible price of losing his whole family. As Michael Portillo, the chairman of the judges, puts it the book “shocked and entertained in equal measure.” Besides the captivating economic scenario in India, the novel exhibits the lives of servants who serve businessmen in India and how a village illiterate goes on to become an entrepreneur.

Aravind Adiga’s “*The White Tiger*” is the most attention-grabbing work exploring man’s association in terms of contemporary social reality told against two specific locales, Delhi and Bangalore. In a very broad sense, the novel is committed to the exploration and revelation of the nature of reality through the narration of human actions. The reader encounters “*Balram Halwai, the ‘white tiger’: servant, philosopher, entrepreneur, murderer Born in a village in the dark heart of India, the son of a rickshaw puller, Balram is taken out of school and put to work in a teashop. As he crushes coal and wipes tables, he nurses a dream of escape. His big chance comes when a rich landlord hires him as a chauffeur for his son, daughter-in-law, and their two Pomeranian dogs. From behind the wheels of a Honda, Balram sees Delhi and begins to see how the Tiger might escape his cage. For surely any successful man must spill a little blood on his way to the top’ The White Tiger is a tale of two Indians. Bal-*

ram's journey from the darkness of village life to the light of entrepreneurial success is utterly amoral, brilliantly irreverent, deeply endearing and altogether unforgettable"(<http://www.uread.com/book/white-tiger-aravind-adiga>). The entire narration is in correspondence mode and with a simple account of Balram's experiences who is compelled to change to begin a fresh life, overcoming the challenges and it is done very casually. He is like Witi Ihimari's Tangi who observes: "Here begins the first step into the future, the first step from the past."

When corporate social responsibility (CSR) stands for the efforts to improve society in some way, the same is observed in Adiga's efforts in creating a world envisaged, into this literary work. Adiga mercilessly details the corruption and abject poverty that dominates in Delhi and Bangalore with an astounding amount of insight. The miserable death of Balram's father without ever seeing a doctor in the village hospital, the decrepit building where countless ill and injured people sitting on newspapers, waiting in vain for a doctor to arrive, reveal the corrupt scheme in the medical field to make an extra money at private hospitals allowing the doctors to rarely visit the government hospital where their services are hired. He narrates: "*There is no hospital in Laxmangarh, although there are three different foundation stones for a hospital, laid by three different politicians before three different elections*" (28). He bestows on Balram a very sharp observation who christens the workers in a tea shop as "human spiders" crawling and doing filthy work of cleaning. However, Adiga's white tiger is a born entrepreneur who can learn much by eavesdropping to the customers which shows him a way out from the drudgery in the tea shop and through a mini-coup against the former driver he becomes a driver to Mr. Ashok. Though a driver formally appointed to Mr. Ashok, Balram performs a lot of household work, and naturally he is resented by such happenings.

The change in Ashok after moving to Dhanbad; the uncertain future of a driver as told by Vitoligo-Lips; Ashok's intimacy with Ms. Uma, the tall, beautiful blonde prostitute from Ukraine put Balram to some unknown discomfort. When Mr. Ashok withdraws money at several ATMs to bribe a minister, Balram has figured out Ashok's job in Delhi and how Ashok is corrupted by the Delhi elite. Balram points up the sidebar, enlisting various minor ways of cheating by the car drivers: siphoning petrol; taking car to corrupt mechanics who inflate the cost; reselling empty liquor bottles to bootleggers; and using the car as a freelance taxi (194). Lying in bed one night, Balram convinces himself that his employers have owed him enough money to hire thousands of golden-headed prostitutes just as Mr. Ashok has done. Over the next two weeks, Balram has employed several of the techniques to steal money from his master. The more he has stolen from Ashok, the more his resentment and feelings of vindication have grown. At once the realization that the rich always get the finest things including a prostitute turns him once again an entrepreneur.

Balram's disguise in new T-shirt wearing first-rate shoes to enter the mall, tells how the appearances rule the business world. When Pinky madam ran over a child killing him/her, Balram is called upstairs and is told to be responsible for the hit-and-run and Kusum with whom he shreds the whole episode, served as witness to the document. The loathing circumstances prevail in India where servants are frequently framed for the crimes of their masters are documented (145). The symbolic "Rooster Coop,"

showcases the enslaving underclass making up loyalty to avoid any kind of harm to their families. Balram rightly reasons that a few men in power have condemned 99.9% of the Indian population, who are otherwise equally qualified, to a state of eternal servitude. Only someone like a “White Tiger” such as himself could break out of the Rooster Coop, facing the high risk (150). When Ashok repents for not following his father’s advice to marry within his own caste and religion, Balram has comforted him sharing some village wisdom. However, his tenderness and respect toward his master is challenged by the hatred engendered by the Rooster Coop. The image of the Rooster Coop representing the meekness of the underclass, and the animal imagery of white tiger mitigating this as the central metaphors depicts India in a very objective way justifying even the act of murder.

Balram has reasoned himself that he personally has rights over the money in the red bag which is meant to be bribed during the pre-election phase. Dharam, the fourth son of one of Balram’s aunts, is kept as a helper and Ashok welcomes the boy. When Ashok is entertaining an idea to replace Balram with a local driver, Balram is perturbed and decided to smash the empty bottle of Johnny Walker Black and to fashion a weapon of jagged glass. Roaming in the zoo and eye contact with the white tiger, Balram declares: “I can’t live the rest of my life in a cage, Granny. I’m so sorry” (239). After driving Ashok to several banks, and when the red bag is filled with a sum of 700,000 rupees, sufficient for Balram to start a fresh life, Balram stops the car at city-outskirts, asks Ashok to help him and when Ashok has knelt before the wheel, Balram repeatedly has rammed the broken bottle into Ashok’s skull taking a “revenge in advance” (245). He says, “I’ve made it! I’ve broken out of the coop!” (275).

After killing Mr. Ashok, he travels to Bangalore, a city full of outsiders (252). He is eager to lead his life in the South, starting an outsourcing business of taxi service to the call center workers. His company—White Tiger Drivers, an instant success with 16 drivers and 26 vehicles to meet demand—is started bribing the police to see that the other outsourcing companies get closed. Balram once worth 15 times the amount of money he stole from Mr. Ashok has adopted a new name: Ashok Sharma enjoying the new lifestyle of a man of wealth.

When a comparison is made between the personality of Ashok and Balram, one can find them dissimilar. Gandhi’s idol on the pedestal has turned Ashok gloomy after bribing a government official. But when a rupee is lost, Ashok asks Balram to creep into the car looking for it. Balram drops one of his own rupees and pretends to find it just to end the silly task of searching for a trivial amount. “*Get down on your knees. Look for it on the floor of the car. I got down on my knees. I sniffed in between the mats like a dog, all in search of that one rupee. ‘What do you mean, it’s not there? Don’t think you can steal 244 from us just because you’re in the city. I want that rupee.’ ‘We’ve just paid half a million rupees in a bribe, Mukesh, and now we’re screwing this man over for a single rupee. Let’s go up and have a scotch.’ ‘That’s how you corrupt servants. It starts with one rupee. Don’t bring your American ways here.’ Where that rupee coin went remains a mystery to me to this day, Mr Premier. Finally, I took a rupee coin out of my shirt pocket, dropped it on the floor of the car, picked it up, and gave it to the Mongoose*” (139). Balram who reflects upon his

family's fate is uncertain of their survival but never becomes gloomy. Balram, who anticipates an Indian revolution, believes that it must come from within the Indian people. Otherwise, the "yellow men and brown men" will rule the world within twenty years time (262). When one of his drivers, Mohammad Asif, accidentally hits a boy riding on his bicycle, Balram has secured the driver's release, taking the responsibility as the vehicle's owner. However, Balram's allies in the police station have helped him a lot to cover up the crime and to silence the case. Later, Balram has visited the victim's family to apologize, offering as restitution 25,000 rupees and a job for the surviving son. Balram speculates about the future of the city. He reasons that every individual with power has killed someone on their way to the top. He decides to sell his *start-up* and move into real estate business (274). In due course, he plans to open a school for poor children in order to create the next generation of White Tigers.

The story concludes that Balram's own identity can be traced through the many names he takes on throughout his life: Munna, a sidekick, the White Tiger, defining and redefining himself: "there will be a fourth and fifth name too, but that's late in the story." The process of creating and recreating his own identity continues throughout his life as a part of searching his own identity. Balram reflects that the ancient caste system in India puts everyone "in his place, everyone happy" facilitating multitude of identities in the society. With his trademark statements, Balram documents about the corruption in India. Corruption in India is shown going to the extent of selling the employees' votes to a political party. The politician either begins with good intentions and then becomes corrupt, or stays "dirty from the start" (81).

This paper may be thought of an attempt to study in decadence; memories of the past haunt the world of the present. Balram, the protagonist of the novel, seems to direct, control, inspire and even sit in judgment over the lives of the other characters. The whole complex of activity is dominated by him who represents an inclusive consciousness in the roles of observer, participant, victim and beneficiary. The cynical, non-casual relationship between the events narrated, takes precedence over the linear, logical relationships. This paper also examines the idea of ethical corporate behavior through the lens of brilliant episodes, suggesting the whole idea of ethics and corporate behavior. It is one of the brilliant and the most honest novels I have ever read. I am engagingly drawn into a moral and meaningful world of the mind with the vivid portrayal of the protagonist's major life. Like any other reader, I am also drawn to the center of his life with an overall effect of incantatory. Balram's transformation as an entrepreneur forms the backdrop of the book. Aravind Adiga has so brilliantly ingenious of handling the plot. From beginning to end, it remains a story of an entrepreneur. The beauty rests on the simple fact that Balram is a true character and the more we understand him, the more we are satisfied as similar lives are lived around us. Adiga is an excellent fiction writer; aware of his craft and simply narrate through a different medium. He is adept at bringing forth the business world and springing a surprise on the readers. His theme is modern and set in the contemporary India.

Any literary text of social justice revolutionizes readers so powerfully facilitating readers to comprehend it. Across a backdrop of corporate world, it shows how rural India victimizes to urban India. The powerful narration grips the reader to its flow without, however, reaching to the intense peaks of emotion making the final impression bleak and inhibited. Like R. K. Narayan, with mature realism and with dreamlike desire to turn inwards reflecting honestly the stuff of which our lives are made of, every little part of *The White Tiger* expresses the wholeness of corporate world with its hopes and anxieties. As in the works of Jabala and Naipaul, the sour and derisive flavor of tolerant picture of India is attained by Adiga. The perfect vision of insider matches to R. K. Narayan. The experiences of Balram are nostalgically recreated reflecting the corporate world by Adiga, the best known among contemporary writers and a major figure in Indian Writers in English. The glimpse of social ethical corporate life is recreated through the most disturbing things that happen to Balram. Adiga's text is disquieting yet amusing at the same time.

“One cannot talk about the literature of social justice without speaking of social responsibility. The term “social responsibility” means that the awareness of social injustice, from the local to the global, necessitates specific actions to combat those injustices. In other words, social responsibility and social activism are inextricably intertwined; once aware of the injustice, one is morally obliged to act” (The New York Times. Is the Writer's Only Responsibility to His Art? Jan. 19, 2016). With Adiga's *The White Tiger*, we are in a different world—a world of violent tensions and unpredictable impulses. Balram is completely under the pressure of the class and the tension often explodes into violence. But in his rebellion, there is only his fear of unknown and of the outside world. The tension is so much, that he almost becomes mad and strangles Ashok to death. Childhood as lost paradise is one of the common patterns used in modern writings due to the influence of psychology and psychoanalysis. Childhood as the symbol of growth and development makes the child a witness without any moral perplexity. The modern search for values has often taken the form of a quest for human constants and, in turn, a modern preoccupation. The child as victim, witness, an angel and loss is inevitable. The concrete reality of corporate world presented with tremendous control through a single man's actions allows readers to respond there and then. When the life of Balram has undergone various process of change, the renewal of the individual through the confrontations of reality is a kind of dialectic of conflicts, oppositions, and labyrinthine rhythmic interplay of echoes and immediate feelings. Many kinds of stirrings are possible in flesh and blood. The problems that torment a mind to enquire, reflect, and introspect has an inclusive collectiveness which is pervasive and constitutes Balram's voice.

“The writer's role is what it has always been: he is a custodian, a secretary” (Popova 2012). Accordingly, Adiga tries to project a better India akin to the dream of Martin Luther King, Jr who says: *“I have a dream that my four little children will one day live in a nation where they will not be judged by the color of their skin, but by the content of their character.”* The multifaceted realism of corporate world as depicted by Adiga claims between what the world says and what the life is. The day-to-day routine activity of Balram, the common man coming from the lower classes

represents the reality of human experience. It accounts the business of a common man in his real complexity of action accounting the ups and downs in the life of the protagonist. Balram, although shown applying his reason and attaining power to act to create life out of nothing, can't guarantee universal acceptance but the reality of human mind is revealed. Unlike Henry James, Adiga deals with human consciousness apparently in a crude way. The realist writing of American authors like Henry James, Mark Twain, and Stephen Crane as well as European authors Ivan Turgenev, Henrik Ibsen, Leo Tolstoy, and Emile Zola form a typical realist fiction whereas Adiga's method of realism is external and by observation. By observation, one may agree to disagree. Disagreeing with reality is easier and disagreements become the most basic issues. Balram has done against all odds to the full extent of his capacity by stepping outside the societal boundaries where his personal voice is positioned so centrally in this scholarly project. When look at Balram, Blake's verse-line flashes to the mindscape: "Did he who made the lamb make thee?" "... a writer has the duty to be good, not lousy; true, not false; lively, not dull; accurate, not full of error. He should tend to lift people up, not lower them down. Writers do not merely reflect and interpret life, they inform and shape life." (*What is the author's debt to society and how does he repay it? The Atlantic, Culture, E. B. White on the Responsibility and Role of the Writer, Maria Popova, APR 17, 2012*). That is how Adiga attempts to shell out in this novel. "*One role of the writer today is to sound the alarm. The environment is disintegrating, the hour is late, and not much is being done*" (Popova 2012). *The White Tiger* sets in a technology-era leading to globalization. Aravind Adiga placed *The White Tiger* as a book about human search for freedom. Balram, who sees the world and takes it as he rises through the ranks of society, and finds his own freedom, stands for a capitalist Indian. For the capitalist in India what matters is social caste but not social class. The novel is based on two disparities exist in the society: *the darkness*, includes the poor and the underprivileged; and *the light*, includes the elite, politicians, businessmen who blatantly exploits the dark, making them even poorer. He remarks: "*Please understand, Your Excellency, that India is two countries in one: an India of Light, and an India of Darkness*" (12). The ignited world grows its own grandeur sucking the flesh and blood of the dark. This book records the socioeconomic gaps prevail in the society unashamedly. The existing big division in the society limits prospects, social mobility, well-being and pleasures that should be guaranteed to all. There is a big difference in the opportunities money spread around in society today and this book is alluding to that fact. To explain this apportionment, he says: "*Go to Old Delhi... Hundred of pale hens and brightly colored roosters, stuffed tightly into wire-mesh cages... They know they are next, yet they cannot rebel. They do not try to get out of the coop. The very same thing is done with humans in this country*" (147). The protagonist around whom the novel is centered hopes a life of freedom with financial prosperity. Balram says: "*All I wanted was the chance to be a man—and for that, one murder was enough,*" and he is, to be precise, correct. He is right when he states: "*There are just two castes: Men with Big Bellies, and Men with Small Bellies. And only two destinies: eat—or get eaten up*" (54). Does Balram struggle to transform from a man with small belly to be a man with big belly? "*And then, thanks to all those politicians in Delhi, on the*

fifteenth of August, 1947—the day the British left – the cages had been let open; and the animals had attacked and ripped each other apart and jungle law replaced zoo law. Those that were the most ferocious, the hungriest, had eaten everyone else up, and grown big bellies. That was all that counted now, the size of your belly. It didn't matter whether you were a woman, or a Muslim, or an untouchable: anyone with a belly could rise up” (38).

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Part II
Environmental

Chapter 8

Green Motivation in China: Insights from a Large Hybrid Mixture of Ownership and Corporate Governance State-Owned Cashmere Producer



Helen Song-Turner and Abdul Moyeen

Abstract Evidence shows the understanding of green marketing and corporate green decision-making in China is still underdeveloped. The purpose of this paper is to investigate the perception, motivation and marketing practices of a large joint-operated cashmere firm in the textile industry. Both Chinese domestic factors and international economic trends have contributed to the rapid restructuring of the Chinese cashmere industry into a highly dynamic, flexible and international openness towards green development. Drawing on the literature on firms' motivations to go green and characteristics of firms which induce green initiatives, this paper selected a large hybrid mixture of ownership and corporate governance state-owned cashmere producer as basis for a case study. This study illustrates the central role of the top management team as the firm operator within the jointly owned state-owned firm and the influence of firm's past history and value in their green initiatives. While findings from this case have confirmed some of the literature on green motivation, they also exposed the reform of state-owned firms' ownership and governance for the firm contributes to more effective management and more efficient operations pursuing cost saving and profit-making, more responsiveness to market demand and in turn to increase the resource utilization efficiency and environmental performance. This research has hence provided new insights and policy implication for a successful transition towards a market economy in China with firms that are both economically strong and also socially and ecologically sustainable.

Keywords Green motivation · Green marketing · Hybrid ownership · SOE · Sustainability development · China

H. Song-Turner (✉) · A. Moyeen
Federation University, Ballarat, Australia
e-mail: h.song-turner@federation.edu.au

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8.1 Introduction

As the leading nation in the textile industry, China contributes significantly to the globalization of production and trade. In 2011, Chinese textile and garment exports reached a new record: exports of textiles were USD 94.7 billion, rising by 22.9%, while clothes exports were USD 153.2 billion, rising by 18.3% compared with the year 2010 (Zhao 2011). China retains the title of the world's largest producer of cotton, cashmere, flax and silk, as well as being the biggest manufacturer and exporter of textiles in the world (National Bureau of Statistics [NBS] 2011). Among the range of the textile fibres such as cotton, wool, linen, silk, cashmere and yarns, cashmere is at the top end of natural textile raw materials. Cashmere is an ultra-fine fibre, and with a diameter of up to 18 microns (thousands of a millimetre), it is finer even than the finest Merino wool. This makes it ideal for high-end fabrics and garments (Food and Agriculture Organization of the United Nations [FAO] 2011). Because of the unique feature of its fibre and its limited supply, it has the reputation as the 'fibre diamond' among raw textile materials. The influence of the cashmere sector to the textile and clothing industry is well beyond its market size and market sales because of the distinguished position of cashmere in the consumer's mind (FAO 2011).

The textile and clothing industry is among the few industries with the highest commercial contribution to China's economic growth as the major supply base for global apparel brands (Zhao 2011). But it also makes a large contribution to polluting the environment in several ways. The Greenpeace China (2011) reports that dyeing, washing, bleaching and printing processes used in textile production consume large volume of water and chemicals. In this report, it indicates that to produce one ton of material, 200 tons of wastewater is created and is dumped untreated into rivers. Among the range of the textile fibres such as cotton, wool, linen, silk, cashmere and yarns, cashmere is at the top end of natural textile raw materials. Cashmere is an ultra-fine fibre, and with a diameter of up to 18 microns (thousands of a millimetre), it is finer even than the finest Merino wool. This makes it ideal for high-end fabrics and garments (Food and Agriculture Organization of the United Nations [FAO] 2011). Because of the unique feature of its fibre and its limited supply, it has the reputation as the 'fibre diamond' among raw textile materials. The influence of the cashmere sector to the textile and clothing industry is well beyond its market size and market sales because of the distinguished position of cashmere in the consumer's mind (FAO 2011). At the same time, the increase in production of cashmere has resulted in the sharp increase in the goat population of Inner Mongolia—from just 2.4 million to 25.6 million—but the available grasslands for grazing have not increased in size (Smith 2011). The direct result of this sort of overexploitation of the natural environment has been creeping desertification with the expanding Gobi Desert as well as the degrading of the quality of cashmere and the health of the goat population caused by overgrazing (Smith 2011). Sustainability and regeneration of cashmere production are the key to a prosperous future for the cashmere industry (Smith 2011).

In the challenging and dynamic process of ownership restructuring of this industry (Lin 2013), it is unclear how SOE firms response and address its sustainable

development in the Chinese context. Since industry-related factors are important in organizational responses (Porter and Van der Linde 1995), a firm in the textile industry provides the opportunity to capture firms' green behaviour in a mature and highly competitive industry. This industry also faces sophisticated consumers both inside and outside of China with more environmental green knowledge than other industries. All the above factors combined provide unique research opportunities that may enrich the literature on this aspect of green motivation and green marketing for SOE firms in the emerging markets.

8.2 Literature Review

8.2.1 *Green*

There is a good deal of variation in understanding of green as far as different standards and practices in different industries are concerned (Song-Turner et al. 2012; Yudelson 2007; Peattie 1995). Simula et al. (2009) indicate that the word 'Green' is widely applied to new technologies and new products which have more sustainable impact on the environment than earlier ones. A number of terms such as 'Green', 'Pro-environmental', 'Sustainability', 'Environmentally Friendly' and 'Ecology' are commonly used to refer to firms' processes and products as consuming less energy, creating less pollution and preserving precious resources for future generations. This study has explored such perceptions of green from the perspective of one large successful cashmere producer. This producer has been selected because it is a hybrid of state-owned (SOE) with private equity.

8.2.2 *Chinese Context*

Green marketing is a relatively new concept given the nascent nature of such developments in China but has attracted increasingly interest in late years (Song-Turner and Polonsky 2016; Polonsky et al. 2014; Kim and Jiang 2015; Wang et al. 2015). The researchers have found Parkash's definition on green marketing was useful. In his definition it includes strategies to promote products by employing environmental claims either about their attributes or the systems, policies and processes of the firms that manufacture or sell them. Such a view links strategy and marketing practices with firms' greening levels and attributes, which enables the researchers to achieve a deeper understanding of the motivation and nature of firms' greenness and subsequently their marketing strategies and practices in China.

The literature on exactly who the key stakeholders are in China that influence firms' green initiatives is limited and a broad agreement on this has yet to occur (Song-Turner et al. 2012). The literature on firms' green motivations identifies the

corporate ecological response (CER) model, which includes legislative or regulatory compliance, competitiveness and ethical concerns as having been commonly recognized as the three most important drivers for environmental strategies and practice (Bansal and Roth 2000). Specifically related to SOEs, the literature has identified compliance with existing legislation (Hillary 2004; Pimenova et al. 2004; Frymell and Szeto 2002) as a key motivating factor behind SOE's green consciousness. The literature also identified that (Ayuso 2006; Rivera and de Leon 2005; Pimenova et al. 2004) growing public awareness and social responsibility are additional drivers for SOE's green initiatives. Indeed, some empirical hospitality research has shown that altruism is an important motivator for a number of large hotel firms that have or are engaged in environmental practices (Ayuso 2006; Rivera and de Leon 2005).

The current research on the drivers of green marketing in China includes a four force model—government, firm, consumer and NGO (He and Yu 2004), a three force model—government, firm and consumer (Wu 2006), and leading driving force model (Xu and Han 2007). One study (Liu 2008), which is closely related to this study, posits the argument that the motivation for firms' green innovation, for instance in the form of eco-innovation in China, comes from industrial competition, an increasing demand for corporate social responsibility (CSR), rising environmental costs, government legislation and regulations, and green tariffs. Yet, the conclusion is that theoretical postulation and empirical study on motivations and drivers for green marketing are still limited in China, particularly for SOE firms. In the context of green operations and marketing strategies, Menon and Menon (1997) propose three levels of greening typologies. These range from the lowest level of tactical greening to quasi-strategic (or business strategic) greening, to strategic greening. The levels are used to identify the amount of change a firm requires and may reflect the degree of commitment to various environmental objectives (Polonsky and Rosenberger 2001). In similar vein, researchers (see, for example, Chamorro and Banegil 2005) have built on Kotler's (1995) model to distinguish three levels of green strategy: greening products (products only), extended green products (value-added processes) and total green products (management systems). Chamorro and Banegil's (2005) approach is more of a business-to-consumer focus and that of a product management point of view, and Menon and Menon (1997) suggested approaches that are more business management oriented. In general, as argued by Song-Turner (2014), such approaches reflect a normative perspective. In this paper, we adopt Menon and Menon's (1997) approach as it reflects a firm's green commitment and green path.

Several researchers (Zeng and Eastin 2007; Roberts 2003; Zyjidopoulos 2002) have approached the green motivation question from the perspective of the firm's characteristics to determine what factors may be considered instrumental in inducing that firm's green initiatives. Gonzalez-Benito and Gonzalez-Benito (2006) have identified five international firm features and two external factors in explaining and evaluating firms' environment strategies. The five internal firm features include company size; degree of internationalization; position in the value chain; managerial attitude and motivations; and company strategic attitude. The two external factors are the industrial sector and the geographical locations of production facilities. The position in this study is that such factors may or may not explain the green motivation

of SOE firms in China, but it may be used as selection criteria of a case study and discussion of motivational drivers.

8.3 Research Method

A number of researchers (Song-Turner and Polonsky 2016; Song-Turner et al. 2012; Brindley and Oxborrow 2014) suggest that cases are especially useful in understanding how firms navigate complex environments, such as how firms approach and integrate green and marketing activities that address organizational, environmental and public policy imperatives. In this paper, case study method was used for developing insights into the green practices and strategies carried out by the SOE firm. In-depth interviews with the general manager of the hotel were conducted at the first stage. The interview questions were based on open-ended questions that revolved around the perceptions of green issues, identification of key influential stakeholders, motivations for implementing green initiatives as well as examples of associated practices, marketing strategies and challenges. The interviewee also completed a survey based on Wong et al.'s (1996) work, which consists of a series of structured questions and statements related to green marketing and practices. In cases where the information was ambiguous, follow-up interview (via phone or email) was undertaken. Further plant tours and secondary materials such as internal annual reports were used to minimize any potential weakness associated with a single qualitative data collection (Silverman 2011; Charmaz 2006). For the purposes of anonymity, the names of the firm and its associated organization are not used; we have merely referred to it as the SOE firm.

8.3.1 Case Selection

Given the case study rationale, the firm in this study has been selected through a purposive sampling strategy (Patton 2002), and the selection criteria are based on the following features as informed from the literature:

- **Size:** It is a large state-owned firm, with evidence showing bigger firms have resources and are under more pressure from public visibility to go green (Child and Tsai 2005; King and Lenox 2001).
- **Ownership:** State-owned firms may respond to different stakeholders because of unique ownership structure and different social and institutional expectations compared with private firms.
- **Management commitment:** The SOE firm is one of the major players in the cashmere industry in China and is committed to lead a sustainable industry development model.

Table 8.1 Key characteristics of the SOE firm

Key characteristics	Details
Firm name	SOE firm
Product	Woollen and cashmere garments
Firm size (no of employees/turnover RMB) (2009–2010)	Approximately 1200 employees; 7 billion RMB (data from firm's sales catalogue)
Ownership	Jointly owned by state and private firms
Industry sector	Cashmere and garment industry
Government control	High
Green Impact	Raw material scouring, design, manufacturing process, distribution, recycling
Value chain position	Middle to end (business to business and business to consumers) of value chain
Geographic location	Daxing, Beijing
Internationalization	With extensive export experience

- **Location:** The SOE firm is headquartered in southern part of Beijing with perceived high awareness of environmental regulation and social pressure, although it does have production bases outside of Beijing.
- **Position in the value chain:** The SOE firm is positioned at the end of the value chain and faces sophisticated consumers both in and out of China.
- **Industry:** Woollen and cashmere industry is a traditionally competitive industry in China and faces various industrial, structural and competitive challenges.
- **Government control:** The SOE firm with high government control may respond differently to government initiatives and regulations.
- **Internationalization:** The SOE firm has extensive internationalization experience. The consumers and communities that this firm contacts and is engaged with cover both domestic and international markets. This widens the research scope to investigate firms' motivation to adopt green practices in China.

The general key characteristics of the SOE firm are summarized as follows (Table 8.1):

To investigate the perceptions and motivation of a firm's going green, the general manager of the SOE firm was interviewed. He has been the general manager of the SOE firm since 2007 with years of experience in cashmere products and exporting cashmere yarn and has a good knowledge of the cashmere industry both inside and outside of China. The information that he has provided of the firm has enabled an in-depth and insightful understanding not only of the cashmere industry in general, but also of his firm's policies and decision-making processes.

The SOE firm is a large restructured state-owned cashmere producer, located in the Daxing Industrial Development Zone in Beijing. It is a subsidiary of the largest state-owned enterprise in food processing, manufacturing and trading in China, and the SOE firm in this study is its woollen garments group. In addition to its two main

shareholders, it has another two state-owned and four private legal entity shareholders. Incorporated in 2007, the hybrid-owned SOE firm has a registered capital of 200 million shares. Its Daxing production facility covers an area of seven hectares with a construction area of 35,000 square metres, with production capacity of one million units of cashmere sweaters, 300 tons of cashmere knitting yarn and 180 tons of carding (combed) cashmere. Its marketing networks support outlets in 35 provinces in China and its products are exported to more than 30 countries and regions. The firm has 1200 employees with sales revenues of seven million RMB in 2012 .

8.4 Results

This section discusses the results of this study. The first section presents results relating to the general manager's perception and interpretation of green, followed by the identified key influential stakeholders. Analysis of the case study focused on significant themes that align with the literature review as well as those themes that emerge from within the data. The firm's green motivation, key influential stakeholders, green approach and marketing practices are also summarized in Table 8.2.

8.4.1 *Perceptions and Definition of Green*

The perception of green of the general manager is influenced by his working background:

My perception of green starts from the earlier part of my career (early 80 s) when orders from foreign (western) buyers required auditing of the processing plant in terms of human rights, that is overtime working hours, accommodation services, dining and washing facilities etc. As a state-owned company, these facilities and services to the workers were not difficult to satisfy the western buyers' assessment. That's the very basic level of green in my understanding. The second level of green to me is that the product should not contain any harmful chemicals and other physical features, such as colour fastness and so on, should meet the required standards, that is, do not compromise quality and be consistent. The third level of green is to ensure energy and water conservation and efficiency during the production process and waste water discharge meet the national standards. Worker safety is also part of green at this level. The fourth level is social responsibility, which is the highest level of green in my opinion. The SOE firm has a tradition of contributing to the society and there is a lot we could do, but at this stage, we're not doing anything that's so different to anyone else, fundamentally, we need to survive first.

He further explained the current situation of the cashmere industry regarding the challenges of going green in China:

China is the largest producer of cashmere with more than 2000 producers holding around 75per cent of raw cashmere wool worldwide. In addition, three-fourths of global cashmere goods are finished in China and then exported to the US, Japan and European markets. However, for years, there has been only one company (Erdos Cashmere Group Corporation,

Table 8.2 Summary of the SOE firm's green motivation, influential stakeholders, green approaches and green marketing practices

Relevant and influential stakeholders	Literature on firm's motivation to go green (Bansal and Roth 2000)	Motivations		Green approach		Green marketing strategy and practices
		Primary motivations	Secondary motivations	Theoretical approach (Menon and Menon 1997)	The SOE firm's green approach	
1. Central and provincial government regulation authorities	Legitimation	Compliance with National Environmental Code and National General Safety Technical Code for textile products	<ul style="list-style-type: none"> • Energy, water efficiency conservation and using efficiency 	Tactical actions: Operations function focus (simple)	Quasi-strategic actions: Applies energy and water efficiency and conservation concept mainly in the manufacturing process and other functional areas such as HR management. (such as employee rights and shorter working hour)	Green marketing strategy: There is no clear theme on marketing its greenness. The overall marketing strategy is to regain cashmere's traditional luxury status by combining on-trend design, fibre quality, technical expertise and advanced technology to achieve a lower cost and sell at an affordable price which makes SL attractive to today's savvy design-conscious consumers regardless age
2. Supervision body SASAC and parental shareholders						
3. Top management team						
4. Overseas clients	Competitiveness	<ul style="list-style-type: none"> • Response to supervisory body SASAC's notification on CSR by central enterprises • Economic benefits 	<ul style="list-style-type: none"> • Avoid unfavourable reputation • Survival issues 	Quasi-strategic actions: Operations function focus		

(continued)

Table 8.2 (continued)

Relevant and influential stakeholders	Literature on firm's motivation to go green (Bansal and Roth 2000)	Motivations		Green approach		Green marketing strategy and practices
		Primary motivations	Secondary motivations	Theoretical approach (Menon and Menon 1997)	The SOE firm's green approach	
5. Competitors	Ethical reasons	<ul style="list-style-type: none"> • Competition in the industry 	<ul style="list-style-type: none"> • Strengthening its brand value and image 			<p><i>Product:</i> Implementing a brand extension and diversification strategy. Targeting high-end consumers offering complete cashmere products emphasizing trend design, high-quality lifestyle and personalization of consumers</p> <p><i>Price:</i> Medium to premium pricing emphasis on value and quality</p> <p><i>Distribution:</i> Strengthening the relationship with existing department stores and increase its own number of franchising stores across countries</p>
		<ul style="list-style-type: none"> • Leadership in developing a healthy cashmere industry and lead the Chinese producer out of the cheap cashmere low-cost competition in China. 	<ul style="list-style-type: none"> • Image of new management • Pressure to satisfy shareholders' expectation 	Strategy greening: Operations and marketing focus		

(continued)

Table 8.2 (continued)

Relevant and influential stakeholders	Literature on firm's motivation to go green (Bansal and Roth 2000)	Motivations		Green approach		Green marketing strategy and practices
		Primary motivations	Secondary motivations	Theoretical approach (Menon and Menon 1997)	The SOE firm's green approach	
		<p>Special Events: 2008 Global Financial Crisis</p>				<p><i>Promotion:</i> To rejuvenate the public brand image and advocate its new concept of cashmere in the management of product development; quality control; and customer relations: 1. Use a combination of commercial advertising 2. Lift the image of its sales outlets 3. Promote the firm as a socially responsible firm 4. Alliance with online retailers</p>

the world's biggest cashmere product company) that set up its own outlet overseas, the other companies engaged in the export of cashmere products are just foreign brand processing plants, blindly relying on foreign trade agency orders, where export product structure is not reasonable. We are no exception. Domestically, the cashmere sweater market is facing serious homogenization in design and style. This is no exaggeration; if you took off the label, the consumer would not recognize the brand and producer based on the style and the overall design. The overall competition model is based on low cost, large scale production. We are well aware of the necessity of promoting our brand value and product differentiation as well as the sustainability of goat herding, however, making a difference in this area is not as simple as we would like, or have anticipated. It requires new types of standards to be set and adhered to. In an overall environment of making more money in the shortest space of time, any investment in R&D and other areas such as equipment updating and recycle technology related to sustainable ways would increase the difficulties of competition. Nevertheless, the Cashmere industry [in China] needs to be led. We have no intention to be the leader, but there has to be someone to lead this industry to get on a healthy development road.

Being green to the SOE firm now is to reduce the negative impacts on the environment through compliance with government regulations and international certified standards on energy and water conservation, and wastewater discharge during manufacturing processes. It also includes doing their best to ensure the products are produced with care, in ways that help protect the environment, the workers who make them and their customers. There is no action towards the outsourcing of cashmere raw wool, where the overgrazing by cashmere goats is the root cause of desertification in the Mongolian grassland. He states:

From the firm's perspective, green means that we have a systematic way for ensuring that we do the best job possible while protecting people and the environment. (Interview with E^{GM}, March 29th, 2012)

As part of their green efforts, the SOE firm has also improved its research capability. It aims to strengthen the brand by using innovative designs and developing environmentally friendly textile fibres such as bamboo fibre and milk fibre blended with cashmere fibre. It is also developing antibacterial cashmere fibre and other functional fibre, with the collaboration of the International Wool Association.

8.5 Key Influential Stakeholders and Drivers to Go Green

Four stakeholders have been identified by the general manager as the drivers of going green. They are the governments, firm shareholders, the top management team of the SOE firm and competitors from overseas.

8.5.1 Government Standards and Regulation Bodies

E^{GM} constantly made reference to government efforts in tightening the environmental standards and regulations on energy consumption and employee rights protection.

The introduction of new environmental standards and the new political emphasis on sustainable development and production on the textile industry plays the central role in our decision to upgrade and reform our equipment, process techniques and R&D investment. As a large state-owned (although in corporation form) firm, the implementation of these standards becomes more and more visible to the regulation authority and the public. It is compulsory for us to report and submit our energy and water consumption index every year to the Beijing Environmental Ministry and State Assets Administration Bureau as part of our performance evaluation. Failing to achieve the required results in severe penalties or, in the worst scenario, being forced to shut down the plant, could be possible. On the other hand, this is a good thing for us in forcing us to be more [energy] efficient, which can put us in a position to respectfully and honourably reduce cost. It is a true cost saving, which we are happy to do. (Interview with E^{GM}, March 29th, 2012)

In 2008, the government enacted a law on water protection and soil testing became a common practice as well. In order to regulate sustainable manufacturing in the textile industry, the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) and the Standardization Administration of the PRC (SAC) approved the new revision of GB18401-201 *National general safety technical code for textile products* that became effective as of 1 August 2011. This standard is applicable to the manufacture and sale of garments, decoration and household textile products. It defines safety requirement and standards for textile products, test methods, testing and implementation and supervision principles. The implementation of the code and provisions submits to territorial jurisdiction (Société Générale de Surveillance [SGS] 2011).

Furthermore, *Mandatory Missions on Outdated-facility-elimination of 2011* (China Textile Leader 2011) have been released by China's Ministry of Industry and Information Technology (MIIT). In doing so, MIIT set targets for local governments to eliminate outdated industrial facilities in 2011. Among the 18 industries that were assigned the mission of eliminating outdated capacities, the textile industry carried a major share of the burden. Capacities equivalent to 1.73 billion metres in the printing and dyeing industry and 349,700 billion tons in the chemical fibre industry have had to be reduced in 2011 (China Textile Leader 2011).

Also, for the first time, the country now officially specified recycled clothing in its 12th Five-Year Plan for textiles to save energy consumption (Zhao 2011). As China is a large textile producer and consumer, supporting textile recycling is going to be a big task between 2011 and 2015.

8.6 Shareholders of the SOE Firm

The second set of stakeholders referred to by the interviewee is the shareholders of the firm. Among the eight shareholders of the SOE firm, four are state-owned legal entities and four are private legal entities. The four state-owned firms hold majority stakes in the SOE firm and are all subordinate to the State Asset Supervision and Administration Commission (SASAC). On 29 December 2007, SASAC—the majority shareholder and nominal owner of many China's largest business groups—issued

its *Notification on Issuance of the Guideline on Fulfilling Social Responsibility by Central Enterprises* (SASAC 2008). In the notification, SASAC envisages that CSR can, at the domestic level, contribute to the eradication of corruption, improving product and service standards, protecting the environment, and protecting employee rights, brand image and corporate solidarity (Naughton 2011). Given the power of SASAC, the release of the *Notification* is a strong indication of performance requirements by the state-owned firms, as perceived by E^{GM}:

As the national assets guardian, SASAC is the nominal owner of state-owned firms. Every owner is likely to maintain or increase their asset value. SASAC is no different. It naturally stresses financial returns on one hand. In addition to the financial performance assessment, the release of the *Notification on Issuance of the Guideline on Fulfilling Social Responsibility by central enterprises* is the other key performance indicator put forward by SASAC to evaluate the firm's performance. (Interview with E^{GM}, March 29th, 2012)

Due to the CSR requirements as requested by SASAC as part of firms' performance evaluation, E^{GM} states SASAC is one of the key influential stakeholders in the SOE firm's green activities.

8.6.1 Top Management

The top management team of the SOE firm is another stakeholder identified by E^{GM} in his comments on decision-making in the SOE firm:

For a state-owned firm apart from governments and SASAC, the firm operator—the top management team is the only decisive stakeholder. Other stakeholders' impact such as suppliers, consumers, insurers, competitors including other minority shareholders to the firm's operation is minimal, if no impact at all. After all, it is the top management team who is responsible to the shareholders and who are evaluated on the performance of the firm. (Interview with E^{GM}, March 29th, 2012)

E^{GM}'s comment illustrates two features of state-owned firms. The first is the ownership and supervision relationship of the commission (SASAC) and the firm (in this case 'the SOE firm'). The other is the importance and independence of the top management team in the decision-making that makes such a team a major stakeholder. Despite the supervision power of SASAC, it does not have direct intervention power to the firm's operation practices. It is the top management that has independent decision power in relation to firm's strategic and operation practices, while taking into account SASAC's specified guidelines.

8.6.2 Clients from Overseas

Apart from the above-mentioned three stakeholders, clients from overseas are very interesting stakeholders as explained by E^{GM}:

For years we have been exporting our products to overseas. Unfortunately it was not on our own brands but under the label of overseas buyers. To be honest, the profit margin of a finished cashmere sweater for us is very thin, but once under the foreign label in the overseas market, the price is 5-6 times dearer. To make things even worse, consumers from overseas believe Chinese cashmere is cheap because it is sourced in an unsustainable way. They would not know or would not believe it is they themselves and the buyers/dealers in their countries indirectly causing that cheap bonanza. We have a client in Europe, back to the early 80 s, they would pay premium price for top quality, gradually, they came to pay good prices for premium quality in the early 90 s, then they would require good quality for an okay price in the early 2000s. In the last several years, they literally told us 'as long as it is cashmere, the cheaper the better'. Without the support of a good sales price, most producers, including the goat herders, choose the path of pursuing quantity rather than quality. We do not deny that there is an ill competition problem, of which we are well aware now in our cashmere industry. But trade experiences teach us that we need to change our strategy to promote our own brand while strengthening the quality of the product. Sustainable development seems a solution. (Interview with E^{GM}, March 29th, 2012)

This comment highlights the fact that while clients (importers and dealers) from overseas contribute to the Chinese economy through consuming more imported goods from China, they are also exerting a profound influence on environmental pollution. This means that the hunger for cheap cashmere products from China as in this case from 'the SOE firm' is pushing up the damaging effort on the environment. Learning from its long-term exporting experiences, the SOE firm perceives the responsibility and urges to produce sustainable export products.

8.6.3 Competitors

Competitors are important stakeholders in the SOE firm's green development as perceived by E^{GM}. He indicates the steady decline of export revenue due to the 2008 global financial crisis, and the homogeneous domestic competition drives the SOE firm to turn to alternative ways for sustainable development.

The overall competition model is based on low cost, large scale production...the excessive exploitation of natural environment and the vicious domestic competition has to be halted ... regeneration of cashmere production and sustainable growth seems a solution for the cashmere industry ... (Interview with E^{GM}, March 29th, 2012)

The intensive homogeneous product offering and head-on competition from domestic competitors force the SOE firm to break the homogenous problem of the cashmere industry through innovation in yard material, eco-product offering and green processes and production as well as improving the working environment of employees to differentiate itself from the market.

8.7 Motivational Dimensions

The real driving force for the SOE firm's green initiatives is a combination of competitiveness and compliance with the legislation requirements and the overall expectations of government supervision authorities and shareholders, along with a special event.

8.7.1 *Competitiveness and Risk Reduction*

Driven by the domestic market reality and declining orders from overseas, as well as the nature of being a state-owned firm, its green initiatives are to remain its competitiveness and reduce risk. To illustrate this, E^{GM} says:

As I explained earlier, the competition model of the whole cashmere industry is based on low cost, large scale production. Any cost reduction or saving from the manufacturing processes and other functional areas is a real bonus. Besides, any violations of the environmental standards and regulations could ultimately result in severe penalties and fines. In the worst scenario, the regulation authority could force you to shut down the plant for rectification if you failed to meet their standards. At the end of the day, we do not want a tainted reputation. This is very important for a state-owned firm. The visibility is too high. (Interview with E^{GM}, March 29th, 2012)

In addition to the cost savings from the manufacturing process, E^{GM} indicates that:

Any environmental initiatives must be financially viable and beneficial. The financial performance is crucial for [our] annual performance appraisal. Each year we have sales and revenue targets from the top [the supervision authority and the group corporation]. Failure to meet the targets could result in being deposed from our positions. Hence, we are very cautious with the green initiatives. They have to be real values. Any rash decision could cost us unnecessarily compared with our competitors (Interview of E^{GM}, March 29th, 2012).

Contrary to the perception that state-owned enterprises have political power and lobbying capacity to obtain favourable policy, E^{GM} expresses a different opinion:

The textile industry is the most market-oriented sector among state-owned industries, in my opinion. There are a number of extra burdens associated with state-owned firms compared with private firms because of historical reasons. For example, the heating supply in the winter, medical insurance of the previous employees is still left to the state-owned firm, even after the firm's ownership and governance were restructured. Not only that, with the implementation of new labour laws and labour arbitration laws in, employee rights protection and shorter working hours have been forcefully implemented in state-owned firms. As a result, the rate of labour cost is in general higher than the cost of employees in the private firms because of the various welfare benefits such as medical insurance, pension insurance, unemployment insurance, injury insurance, maternity insurance, housing provident funds. This is because private firms often strip some of these benefits from employees. For firms like us with a limited budget, labour shortages and costs stemming from national labour laws, it forces us to seek solutions to increase productivity and efficiency in order to survive. (Interview with E^{GM}, March 29th, 2012)

The erosion of labour cost advantage plus the additional welfare burden of its existing and retired employees creates a dilemma for the SOE firm's green practices ambitions. E^{GM} states:

We would have done more in reducing the environmental impact but at the present time, there are more places needing the money. The current business model—low cost, and short-sighted money seeking—in the cashmere industry does not allow us to do more than what is required by government standards. (Interview with E^{GM}, March 29th, 2012)

E^{GM} does acknowledge that state-owned firms still enjoy preferential access to public finances to construct their pollution treatment facilities compared with private firms, but that also depends on the financial performance of individual firm as the banking sector now is also privatized and market oriented.

8.7.2 Expectations of Government Supervision Authorities and Shareholders

In the 1960s, it helped other peer cashmere producers set up their plants, teaching their technology and even training technical staff and front-line workers for those producers. The process technique for cashmere processing and quality testing standards for the cashmere industry has been set up by the SOE firm. For this reason, the SOE firm is now highly respected in the Chinese cashmere industry. According to E^{GM}, the firm now is seeking ways to lead the industry out of the homogenous competition:

To halt the cheap Chinese cashmere industry path, it is critical for Chinese producers to overcome the homogeneity of design and increase product variety and consumer selections. Brand building and technology and design innovation are essential. However, brand building, not just quality, has to be maintained for top of the range cashmere apparel, including culture building and brand management. These are all new challenges to us. This industry needs to be led. (Interview with E^{GM}, March 29th, 2012)

As a state-owned firm driven by the market reality, intensive export experiences, as well as CSR codes and standards, E^{GM} is aware of the social responsibility and expectations from government supervision authorities and shareholders. But at the same time, there is a contrasting perspective as illustrated from E^{GM}'s other statement:

Our company has a tradition to contribute to the society ... given the extra burden we are carrying, we have no intention to be the leader, but this industry needs to be led ... (Interview with E^{GM}, March 29th, 2012)

These two quotes hold apparent contradictory views. On the one hand, the first quote highlights the importance of brand building an innovate design in the spirit and value of collective culture in a state-owned firm that includes important green initiatives. On the other, the second quote reveals to some extent the firm's social responsibility is subjugated to the firm's economic performance and subject to resource constraints

in order to make competitive products. The contradiction is recognized by E^{GM}, but it is clear he does want to see his firm lead the way in fundamentally resolving this contradiction out of spontaneous social responsibility because of the lack of leadership in this industry. In this aspect, as a large state-owned firm in this industry, the SOE firm would be obligated to take the leading role.

8.7.3 *Special Event—2008 Global Financial Crisis*

In addition to the above-mentioned motivation forces, E^{GM} indicates that the 2008 Global Financial Crisis (GFC) fuelled the SOE firm's urgency to turn to green development as E^{GM} explains:

We have seen a decrease in orders from overseas customers after the crisis and from discussions with existing clients who rejected the price increase of our products. Given the rising domestic inflation and shortage of raw material, we are forced to change our marketing and export strategy by targeting the rising domestic middle class and reduced export quantity but maintaining quality through updating processing equipment and techniques, extensive application of high technology and innovative design, raised recycle awareness of cashmere among consumers and aiming to transform the firm from low-valued production to high-valued production with efficient energy consumption. (Interview with E^{GM}, March 29th, 2012)

This comment illustrates the impact of global events and changing overseas markets to the SOE firm's export participation and their initiatives in adjusting the strategic decision-making. GFC in this aspect as a special event spurred the SOE firm to more green initiatives.

Table 8.2 sets out the above motivations within the Bansal & Roth (2000) framework to show the motivations are driven *primarily* by ethical leadership out of spontaneous social responsibility as a state-owned firm driven by market reality and *secondary* motivation related to image and shareholders' expectations. There are also a range of legitimation *primary* motivations around environmental regulations and SASAC guidelines, together with *secondary* resource efficiencies and avoiding negative impacts. Finally, competitiveness in terms of becoming more innovative is boosted by the special events arising from the changing nature of the overseas market due to the GFC.

The information described below on greening approaches, marketing strategies and practices was obtained from the interview, survey questionnaire completed by E^{GM} and through references to documents. The survey results are in Appendix IV of the thesis.

8.8 Greening Approach and Marketing Strategy

The SOE firm translates its green motivation through applying the concept of energy efficiency and energy conservation to its manufacturing process and the working environment of its employees. It invests environmentally friendly wool scouring, carding, spinning, and computerized flat knitting equipment and advanced wastewater processing equipment which can meet Italian standards. Dyeing cashmere fibre and finishing garments involve chemical processes that can have an adverse impact on the environment. All the dyes and finishing agents used are certified to ensure that pure cashmere conforms to all the stringent international and national standards. Resources such as energy and water, and issues of waste, are the key targets of state legislation. The SOE firm is finally seeing their earlier investment in infrastructure such as the wastewater processing equipment has finally paid off. All wastewater from the plant is processed to neutral pH before discharge. In 2005, the SOE firm passed the ISO14001 environment management system and OHSAS18000 and GB/T28001-2001 health and safety certifications. The SOE firm is committed to compliance with state and municipal safety regulations and regularly communicate and provide training sessions on the importance of safety and healthy working environment to its employees. Safety incentive bonuses and programs on recycling and energy saving practices have been implemented in the firm. In addition, continual efforts have been put in place to improve the living and entertaining facilities for the employees. These actions are seen by management as helping the firm to improve staff recruitment and development.

Technology and innovation enable the SOE firm to break the homogenous problem of the cashmere industry. The SOE firm's initial competitive advantage was building on its technology and innovation capacity of its forerunner BSLCSP. BSLCSP has an honourable past. It is the first producer to export cashmere sweaters in the Chinese cashmere industry; the first one in this industry to obtain ISO9001 quality management certification; the first demonstration firm to apply the national 863/CIMS (Coalition Information Management System) project; and the first to use a goat cashmere carding machine (BSLD-95 Model Combined Cashmere Carding Machine) in China, invented by BSLCSP in 1998. It received a National Invention Award, which now enables China and the SOE firm to depend no longer on the export of cashmere sweaters and yarn to earn foreign exchange. They can now earn foreign exchange with their patented cashmere carding machine. To rejuvenate its competitive power, the SOE firm has continuously invested in and focused on research and innovation.

In 2011, the SOE firm had another technology breakthrough in smart textile fibre and related technology in equipment fabrication, which filled the gap in specialized functional textile in the Chinese textile and cashmere industry. Given above, it can be seen that the SOE firm's greening is responding to government regulations and competition pressure to improve its market position and image. The green initiatives are mainly centred on the process changes, employees' welfare improvement and new eco-product offerings. Its green commitments are serious but mainly driven by a need to bring its green actions to conform with the prevailing norms and expectations of

critical stakeholders. These features show the SOE firm adopting a quasi-strategic approach as identified by Menon and Menon (1997).

With regard to green marketing strategy, there is no clear theme on marketing its greenness. The overall marketing strategy for the SOE firm is to regain cashmere's traditional luxury status by combining on-trend design, fibre quality, technical expertise and advanced technology to achieve a lower cost and sell at an affordable price, which makes SL brand attractive to today's savvy design-conscious consumers, regardless of age.

8.9 Marketing Practices

8.9.1 Product

The product strategy for the SOE firm is implementing a brand extension and diversification strategy to take full advantage of its popular brand name—SL. It added two new supplementary product folios, natural clothing and accessories/jewellery. Both product folios are under different brand names. The SOE firm plans to further develop into multi-brand, multi-category product lines to enhance the brand value of SL. Such strategy fits with its identified market segments: targeting high-end consumers offering complete cashmere products from clothing, cashmere sweater to related accessories, emphasizing trend design, high-quality lifestyle and personalization in relation to consumers. Other green products such as antibacterial, antistatic and health shaping products, temperature self-regulated silk fibre blended products and so on are the highlights of its transition into 'the natural SL clothing brand'. To increase the credibility and authenticity of its product design, the SOE firm has also forged collaborative agreements and hired top cashmere designers from Italy.

8.9.2 Price

The SOE firm initially adopted premium pricing on value and quality to support its new marketing strategy, but this has not proved to be successful financially for its main cashmere sweater business (the SOE firm's internal 2nd quarter report, 2011). In order to achieve the internal sales and revenue targets set by the group, it readjusted its pricing strategy to a combination of consumer-based price and competitor-based price in the second half of 2011. A higher customer-based price is adopted only for a few new unique design and patented products. For its dominant SL brand sweaters and associated products, it leverages lower customer-based competitor pricing.

8.9.3 Promotion

To rejuvenate the public image of SL as a fashionable, dynamic and high-quality brand, the SOE firm has committed substantial resources to differentiate itself from its competitors. It signed a popular female (actress/singer/model) star in China as its ambassador to represent the new SL as part of a young, trendy, natural and high-quality lifestyle. In addition, the SOE firm has made a conscious effort to advocate its new concept of cashmere in the management of product development, quality control and customer relations. Major actions include:

- (1) Using a combination of commercial advertising, a cashmere trade fair, organizing regular fashion shows and news conferences and industry forums to increase publicity and social interest;
- (2) Lifting the image of its sales outlets, including online website upgrading; introducing industrial plant tours to increase opportunities to educate customers in cashmere knowledge and process management as well as new product offerings;
- (3) Promoting the firm as socially responsible through public relations, charity programs and cashmere old cloth recycling campaigns; and
- (4) Alliance with online retailers.

8.9.4 Place

As is the case with many cashmere producers in China, the traditional distribution channels were cooperative department stores and some flagship stores in tier one cities. To support this new marketing strategy, the SOE firm implemented channel expansion. While strengthening the relationship with existing department stores, it committed substantial resources to increase its own franchising stores across a number of provinces. Besides all these traditional markets, the SOE firm also took advantage of the new booming market: e-commerce in China. The SOE firm forged allies with Yinzuo, a department store chain in China, and used its online shopping platform to retail its products. Group purchasing platforms have also been used, according to E^{GM}, and made significant contributions to online retailing by offering major discounts for group members.

The SOE firm's green motivation, key influential stakeholders, green approach and green marketing practices are summarized in Table 8.2.

8.10 Discussion and Analysis

The perception of green and its marketing approach in this case highlights several interesting features about the motivation to go green and marketing practices. Firstly, this case once again demonstrates green means different things in different industries.

Just as definitions of ‘freedom’, ‘democracy’, ‘peace’ and ‘justice’ vary according to the context in which they are used, so ‘green’ tends to mean very different things to different people (Porritt and Winner 1988). An interesting feature in relation to the perception of what it means to go green is the scope of green as emphasized by E^{GM} around workers’ rights and protection of labour. This reflects the individual and state governments’ recognition, and their awareness of the influence of global competition and of being part of a global society.

The identification of key influential stakeholders shows that financial cost-benefit and reputation risks are the main consideration in green initiative decision-making. In this sense, the missing power of oversight of the public such as press and social media, NGOs and local community potentially could form an effective functional monitoring and enforcement regulatory system. Owners and shareholders have been perceived to be important stakeholders because of not only the resources that they could provide for its environmental investment but also the role model required by the nominal owner, SASAC.

Overseas clients have been identified as an important stakeholder, demonstrating that the ongoing integration of China’s economy with the international arena has both positive and negative implications for a firm’s environmental initiatives. Another interesting aspect of this case is that the environmentally oriented tools and organizations such as ISO and health and safety certification were not perceived as influential stakeholders. This may be because the perception of the Chinese National Environmental Standards and Code for textile industry is equally if not as stringent as these international codes. As E^{GM} comments:

Our [Chinese] quality and environmental codes for textile industry are more stringent than international standards. As a long-term supplier to clients in Europe, Japan and the United States, we have never run into any problem meeting their standards. (Interview with E^{GM}, March 29th, 2012)

Green in this case takes a more practical perspective in the context of the pressures exerted by environmental regulations and codes. Every green initiative has to be financially beneficial. It is not taken up out of pure altruism. Risks and cost competitiveness are its main concerns. These concerns are also reflected in the firm’s initiatives in that they reduce risks rather than publicizing their ecological responses. There has been criticism (Shi and Zhang 2006) that some environmental protection programs, such as programs for industrial energy conservation and recycling of secondary resources, which the state had been running successfully in a planned economy context in the 1980s, have become dysfunctional in the wake of industrial restructuring towards a market economy. This case tells a different story.

The motivation dimensions demonstrate that a large state-owned firm can perceive environmental compliance as a necessity because of its visibility and the nature of its supervision authority, but these pressures or motivations do not necessarily translate into actions which go beyond the regulation requirements or pursue the best possible practice. In contrast, the competition motivation tends to drive them actively to adopt ecological processes and products to enhance their market position.

This can be seen from the SOE firm's initiatives such as technology innovation, marketing innovation and human resource management, in response to environmental and market opportunities.

The SOE firm case also illustrates the central role of the top management team as the firm operator within a jointly owned state-owned firm and the influence of firm's past history and value in their green initiatives. Nevertheless, its motivation to lead the cashmere industry out of vicious price-cutting competition in this case is more of a spirit rooted in the Chinese collective culture and the firm's past history rather than from a single individual's ecological responsibility.

The company is a telling example of the hybrid mixture of ownership and corporate governance that is a defining characteristic of China's second-tier industrial firms. In legal terms, it is a private firm, but with substantial public-/state-owned and private ownership stakes. The reform of state-owned firms' ownership and governance for the firm in this case contributes to more effective management and more efficient operations pursuing cost saving and profit-making, more responsiveness to market demand and in turn to increase the resource utilization efficiency and environmental performance.

The marketing strategy and marketing mix of the SOE firm have not really publicized its green responses. Rather, it has emphasized itself as a socially responsible firm through its leading role in restructuring the business model of the cashmere industry, public relations, charity programs and recycling campaigns. By this choice, the SOE firm has shown that it believes in its ability to reinforce a positive public image without emphasizing its environmental performance.

In summary, the SOE firm displays the important characteristics of a firm with a hybrid mixture of ownership and corporate governance patterns which has combined with ambition to lead the cashmere industry out of the predicament of homogeneous competition through alliance with global leading designers and technology and management innovation. This has enabled Chinese cashmere firms to accelerate the development of management and innovation capabilities.

8.11 Conclusions and Future Research

There is no guarantee that the SOE firm will continue to be green, nor it is possible to know how many firms like the SOE firm will ultimately emerge in China. Nonetheless, this particular case presents a picture of a firm's perception of green, green motivation and green practices, as seen in the perspective of a large joint-operated cashmere firm in the textile industry. Both Chinese domestic factors and international economic trends have contributed to the rapid restructuring of the Chinese cashmere industry into a highly dynamic, flexible and international openness towards green development.

In this context, the state's role in Chinese joint-operated firm cannot be overstated. Although government policies are pervasive and specific interventions are common, the most important activity with regard to the cashmere industry is its competitive motivation. This is linked to voluntarily fulfilling its environmental and social responsibility which has been established by government policy.

Features of this case also suggest that environmental management practices need to be aimed at financial cost-benefit and reputation risk reduction, as well as reinforcing a positive image of being socially responsible. In the case of the SOE firm, the top management team's concerns, as well as its firm culture and history, have played key roles in carrying its social responsibility and green development. The most important conclusion concerns the hybrid mixture of ownership and corporate governance, whereby the firm starts to show contradictory results. On the one hand, it has no interest in compliance beyond state governmental regulation. On the other hand, it shows some willingness and interest in taking up social justice issues and environmental sustainability, driven by market competition. From this perspective, it is possible to see a successful transition towards a market economy for China with firms that are both economically strong and also socially and ecologically sustainable.

While a single case study may help researchers gain a deeper understanding of the problem at hand, the limitations associated with this study must be acknowledged and addressed. Firstly, despite data being collected from different resources, this study has relied heavily on in-depth interview with the general manager. Other internal and external stakeholders such as employees and suppliers could be integrated for future study on a firm's motivations and key stakeholders in going green.

Findings from this case are to be interpreted with caution, given the results have not been generalized to a larger group. This case does, though, suggest several valuable insights for government, policymakers and marketing professionals to overcome resource constraints and to develop appropriate strategies for further greening development drawn from the practices embraced by successful green outlier firms like the SOE firm in this study. It also suggests opportunities for multiple case studies on green SOEs in China in relation to patterns of green paths, green configurations and marketing strategies which factor in the distinctiveness and dynamic nature of emerging markets identified here.

Appendix: Conceptual Framework of Firm's Motivation to Go Green and Marketing Practices in China

See Fig. 8.1.

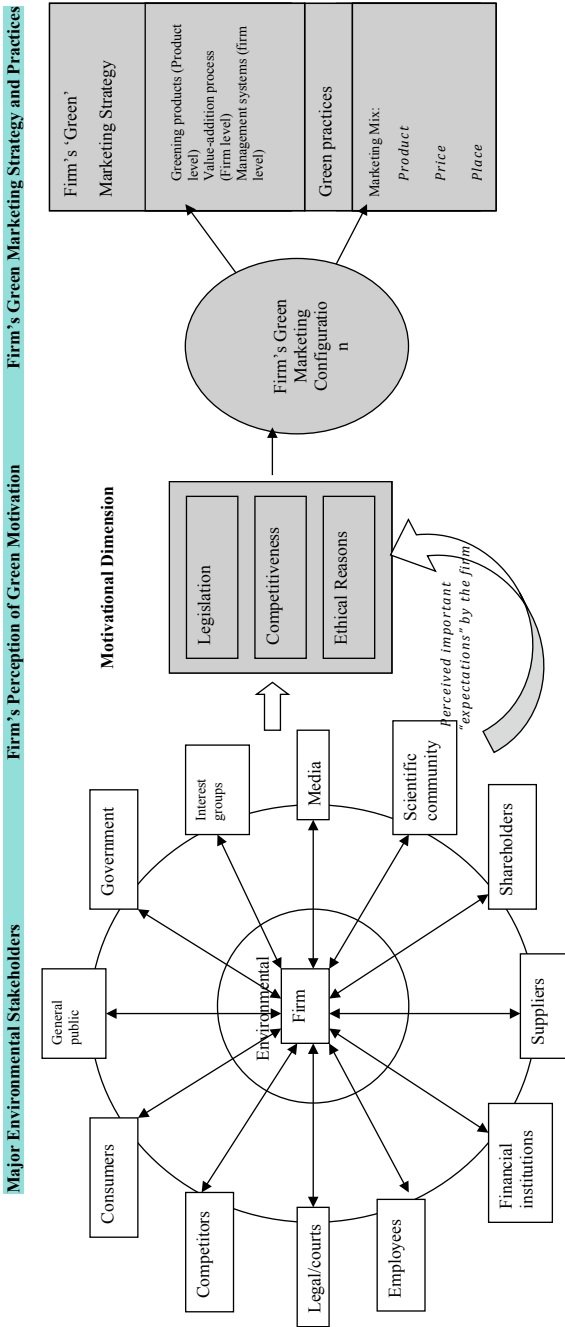


Fig. 8.1 A model of firms' motivation to go green and marketing practices in China Green marketing in China. Helen Song-Turner 2008

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Chapter 9

Comparative Study on Environmental Commitment of Luxury Hotel Brands with Five Globes of Environmental Responsibility



D. P. Sudhagar and Sheeba Samuel

Abstract The aim of the present study is to analyze the environmental commitment of luxury hotel brands with five globes of environmental responsibility. The study identified the top four luxury Indian and Foreign hotel brands. The brands include Oberoi Hotels & Resorts, Shangri-La Hotels and Resorts, Taj Hotels Resorts and Palaces and Marriott Hotels & Resorts. The study followed the convenience sampling approach to collect the data from the hotel Website. The information available in the hotel Web site under environment/sustainability was collected, segregated and coded to identify the level of environmental commitment with five globes of environmental responsibility. The five globes of environment responsibility include employee education, energy management, environmental commitment, solid waste management and water conservation. The results of the study indicate that the globe 'Employee Education' was not reflected in any of the hotel brands. All the selected hotel brands showcased excellent practices with regards to energy management, environmental commitment and water conservation. Evidence of solid waste management practice in Taj Hotels Resorts and Palaces was not found. The study results will help the luxury hotel brands to include employee education as part of the environmental commitment to achieve sustainable environmental practices. In addition, the present study recommends the hotel brands to engage in an update of environmental commitment activities to showcase the efforts to various stakeholders and to gain a competitive edge for the brand in the market. This is one of the first studies conducted in the Indian context to compare the environmental commitment with five globes of environmental responsibility.

Keywords Environment · Luxury hotels brands · Five globes · Environmental commitment and responsibility

D. P. Sudhagar (✉) · S. Samuel
Garden City University, Bengaluru, India
e-mail: sudhagar.dp@gardencity.university

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9.1 Introduction

A report published by the Business Standard (June 19, 2018) indicates that luxury hotels in India are enjoying good business due to domestic tourists. The report stated that the proportion of the revenue provided by the domestic tourist is equivalent to international travelers. Today's customers have multiple choices of hotels in the market, i.e., star categorized hotels ranging from 5-star deluxe to 3-star hotels from an Indian or Foreign brand. The prospective customers use different selection parameters while selecting the hotel for the stay. The factors such as proximity to the hotel, room category, price, brand, star category and room promotions. Wang et al. (2018) indicated that perceived consumer effectiveness and environmental concern had a positive effect on the attitude and the intention of consumers to visit green hotels. Yang et al. (2017) study found that location, price and business function were the main factors which influenced the guest choice behavior. Focus group discussion conducted by Lockyer (2005) found that accommodation, location, price, facilities and cleanliness influenced the selection of hotel accommodation. Nowadays the customers look beyond the experiences. This includes their commitment toward conserving the environment. Corporate reporting studies identified that stakeholders had displayed interest in information pertaining to social and environmental performance (Dodds and Kuehnel 2010; Dickinson et al. 2008; Isenmann et al. 2007; Rikhardsson et al. 2002). In this scenario, handling the expectations of the customers is very important to satisfy the customers and to positively influence their behavioral intention. The luxury hotels utilize various resources to provide top class service to the customers. The resource used in the hotel operation should not affect the environment. This can be ensured by developing the environmental policy which is committed to protecting and conserving the environment. With the help of information technology, the environment-related practices can be communicated to the guest. Paul (2008), KPMG (2009), Rikhardsson et al. (2002), Marken (1998), Jones et al. (1998) indicate that advancement in Internet technology and increasing number of Internet users lead to the importance of corporate Web sites. Corporate Web sites help to communicate the corporation's environmental goals. The environmental policy should focus on all the key areas in protecting the environment. Chan and Hawkins (2010), Chan (2009), Savely et al. (2007), Coglianesse and Nash (2001) indicated that the EMS plans involve following a written policy, educating employee about environmental concerns, involving in conducting internal environmental audits and developing internal environmental performance indicators and goals. One of the best frameworks to check the environmental commitment of the hotels is to evaluate the environmental policy with the five green globes. The five green globes predominantly cover the important environmental factors required to be maintained in the hotel operation. The globe is employee education, energy management, environmental commitment, solid waste management and water conservation. Hence, the present study aims to analyze the environmental commitment of luxury hotel brands with five globes of environmental responsibility.

9.2 Review of Literature

Maxwell et al. (1997), Savely et al. (2007) defined environmental policy as top management declaration of its commitment to the environment. The policy document provided the environmental concern of the entire company and acted as the foundation of environmental management. For the purpose of the study, critical literature pertaining to the environmental commitment in relation to the hotel operation, stakeholder’s expectations and policy has been reported in Table 9.1.

Based on the literature reported in this study, it is evident that environmental commitment influences the decision-making behavior and the behavioral intention of the guest. The customers expect the environmental-related information to be available/posted on the company Web site. The literature also provided the environmental performance of various countries and the regulation mandate from the government agency. The literature provides sufficient theoretical support to conduct the present study.

Table 9.1 Environment-related literature

Author and year	Highlights of the study
Teng et al. (2018)	<ul style="list-style-type: none"> • Environmental value and low carbon knowledge positively affected the perceived value of green hotels • The perceived value of green hotels affected the behavioral intention of the consumers to stay in green hotels and the willingness to participate in environmentally friendly practices followed by green hotels
Yim King Penny (2017)	<ul style="list-style-type: none"> • Hotels in Macau displayed a high level of environmental awareness • The hotels were proactively engaged in implementing the initiatives that contributed to cost savings • Energy conservation light bulbs, repair/leaking system detector, water conservation fixtures were mostly utilized • The same involvement was not found in implementing solar lawn light, recycling leftover food and water reuse • The study identified major barrier toward going green, the barrier where lack of government regulations on environmental management, financial constraints, inadequate employees to implement the EM and the negative mind-set thinking that EM may affect the guest experience • The negative mind-set was mainly toward the VIP guest and hardcore gamblers and the customers who expect service luxury in Macau hotels. Interesting the study identified that lower star hotels experienced more difficulties in adopting green practices
Wu et al. (2016)	<ul style="list-style-type: none"> • A fifth of the hotel’s ability to implement greener practices was contributed by the employees

(continued)

Table 9.1 (continued)

Author and year	Highlights of the study
Kasim (2015)	<ul style="list-style-type: none"> • EMS facilitates organizational learning and thus leading to enhanced organizational performances
Mohd Suki et al. (2015)	<ul style="list-style-type: none"> • Returning tourist's intention to stay at a green hotel was influenced by attitude and perceived behavioral control. Subjective norm did not play any role
Lana and Carr (2015)	<ul style="list-style-type: none"> • Observed the difference in the sustainability marketing among the two types of hotels
Kim et al. (2015)	<ul style="list-style-type: none"> • GMs' environmental commitment affected the firm's involvement in environmental practices both directly and indirectly • The study identified five important hotel environmental management capabilities. It includes employee training, communicating environmental initiatives to guests, knowledge and skills to implement environmental practices, capital to invest in environmental management and support from employee
Mensah (2014)	<ul style="list-style-type: none"> • Stakeholders including customers and board of directors influenced the environmental performance of the hotels. Hotel size moderated the involvement of stakeholders on the environmental performance of the hotels
Rosalind Jenkins et al. (2014)	<ul style="list-style-type: none"> • Cheapest and easiest environmental practices and policies were used by the hotels • The study found that hotels companies which followed the environmental practices and policies provided high environmental information when compared to the independent hotels • The study highlighted that hotels in Dubai did not effectively use online environmental reporting to convey the message to the stakeholders and recommended to improve the same by 2020
Legrand et al. (2014)	<ul style="list-style-type: none"> • Significant differences among the chain-operated hotels, independently owned properties, luxury properties and budget operations with regard to preconditions, barriers and motivations toward the implementation of the environmental management system (EMS) in the German hotel sector
Shairullizan Kamalul Ariffin Noor et al. (2013)	<ul style="list-style-type: none"> • Greenness at the organizational level partially supported the environmental management practices
Chan (2013)	<ul style="list-style-type: none"> • Internet was an effective channel for marketing a hotel's green initiative directly to customers, and green hotels can elevate industry members image and reputation to attract green tourist who demands green accommodation when traveling was accepted by the hotel managers and customers • Both the groups also thought that environmental information in the advertisements was criticized by the competitors and consumer organizations

(continued)

Table 9.1 (continued)

Author and year	Highlights of the study
(Jerrie) Hsieh (2012)	<ul style="list-style-type: none"> • 46% of the surveyed hotel companies used web pages to update the information pertaining to environmental issues on their hotel's Web site • The study indicated that the web pages of Wyndham, IHG, Accor, Whitbread, Hyatt, Rezidor, Sol Melia, TUI and Scandic provided more environmental information when compared to other companies • The study revealed the environmental commitment and engagement through content analysis and identified 12 environmental focus areas
Maleviti et al. (2012)	<ul style="list-style-type: none"> • BaU situation displayed the current energy consumption in hotels, without policy interventions. However, in the policy scenario the effectiveness of the each proposed measures in all services offered in hotels
Courtland (2010)	<ul style="list-style-type: none"> • Due to the demand of society and environmentally conscious stakeholders had prompted the hotel companies to disclose their environmental policies and mission statement on their company Web site
Paul (2008)	<ul style="list-style-type: none"> • Environmental information provided on the company Web site can be used to educate employees and the public
Scanlon (2007)	<ul style="list-style-type: none"> • Education is required to enhance the hotel and resort owners awareness of EM Programs
Lee (2007) and Jones et al. (1999)	<ul style="list-style-type: none"> • Environmental performance reporting fetches benefits for the corporations. It includes the satisfaction of the stakeholders, image enhancement of the corporation and employee attraction
Yim King Penny (2007)	<ul style="list-style-type: none"> • Due to low customer demand, poor environmental knowledge and the lack of government regulations were the main reasons for hotels in Macao not following green practices • In addition, the study found that hotel managers did not recognize the importance of environmental management to hotel effectiveness and competitiveness
Jose and Lee (2007)	<ul style="list-style-type: none"> • Need for corporations not only to practice environmentally conscious principles in day-to-day operations but also required to publicly report the social and environmental performance and financial outcomes
Jose and Lee (2007), Kolk (2003)	<ul style="list-style-type: none"> • Japan, Denmark, The Netherlands and New Zealand mandate companies to disclose corporate environmental information
Scanlon (2007)	<ul style="list-style-type: none"> • Education is required to enhance the hotel and resort owners awareness of EM Programs

(continued)

Table 9.1 (continued)

Author and year	Highlights of the study
Lee (2007) and Jones et al. (1999)	<ul style="list-style-type: none"> • Environmental performance reporting fetches benefits for the corporations. It includes the satisfaction of the stakeholders, image enhancement of the corporation and employee attraction
Chan and Ho (2006)	<ul style="list-style-type: none"> • Shangri-La hotel utilized its own resources to develop an environmental management system • In addition, the study found that energy performance contracting as another important aid for the execution of the energy-related part of the EMS
Mensah (2006)	<ul style="list-style-type: none"> • Environmental issues the hotel industry is mainly concerned are waste management, clean air, recycling, environmental health, energy and water conservation, building permits, eco-purchasing, environmental education and compliance with regulations and legislation
Margaret Brown (1996)	<ul style="list-style-type: none"> • Adoption of the environmental policy did not result in hotel sector engaging in addressing the environmental concerns
Stipanuk and Ninemeier (1996)	<ul style="list-style-type: none"> • The main motivation for the hotel industry to engage in environmental issues was based on cost-benefit perspective
Groschl (2011), Williams (2008), Hynes and Janson (2007)	<ul style="list-style-type: none"> • Corporate Web sites are increasingly preferred to convey corporate communications such as mission statements, annual reports, press release and consumer information
Holcomb et al. (2007)	<ul style="list-style-type: none"> • The environmental category was least reported among five social responsibilities such as community, environment, marketplace, vision and values and workforce • Review of hotel companies Websites, annual reports and corporate social responsibility reports were used in the study
Chung and Law (2003)	<ul style="list-style-type: none"> • Hotel Web sites played a vital role in disseminating information. Hotels used the online channel to communication customers about services and product and to enhance the profitability
Rikhardsson et al.'s (2002)	<ul style="list-style-type: none"> • 82% of the companies displayed environmental policies on their Web sites
Lober et al. (1997)	<ul style="list-style-type: none"> • Corporate environmental reports (CERs) were available for the public, the documents were used by the companies to communicate environmental performance to their stakeholders

9.3 Purpose of the Study

The aim of the present study is to analyze the environmental commitment of luxury hotel brands by using five green globes as the framework. Also, the study is focused to provide a recommendation to the hotels to enhance the information availability and visibility to the stakeholders in the market.

9.4 Research Methodology

9.4.1 Sample Selection

The sample for the present study includes four luxury hotels representing the Indian and Foreign brand to provide the representative of the sample. The selected hotels have a global presence across the world. The environmental policy information available on the hotel Web site was collected for the present study. The luxury hotels are expected to run the business sustainably. Kasima (2004) and Bohdanowicz (2005) indicated that MNCs focused on environmental and social issues to ensure a positive brand image. The luxury hotels are also expected to have focused on environmental and social issues. The present study employed content analysis to analyze the data collected from the hotel Web sites. The content analysis was based on coding the statement which is falling on five globes, i.e., employee education, energy management, environmental commitment, solid waste management and water conservation.

9.4.2 Content Analysis Procedure

Content analysis was followed to conduct the present study. A technique for collecting and analyzing the content of the message. The message could be meanings, words, pictures, ideas, themes and symbols (Neumann 2003). Content analysis is widely utilized used in various research studies. The hospitality industry is not an exception. The content analysis was applied to investigate the environmental policy disclosure in the hotel Web sites and to investigate customer's complaints on service experiences in restaurants Susskind (2012). Online review in lodging (Levy et al. 2013) was also investigated by using content analysis. Stemler (2001) and Weber (1990) indicated that content analysis was a powerful technique which allowed the researchers to uncover and show the focus of groups, individuals, social or institutional attention.

The presence of environmental commitment policy under a particular globe was coded as 'Yes' and absence of the policy was coded as 'No.' For example, statement pertaining to water was grouped under the water conservation globe. Similarly, all the environmental policy information of all the luxury hotels was analyzed and coded under the respective globe.

9.4.3 Procedure to Code

The present study analyzed the environmental commitment of luxury hotels based on the green globe. The environmental policy was analyzed and coded under the globe such as employee education, energy management, environmental commitment, solid waste management and water conservation.

9.5 Results Analysis

See Table 9.2.

Table 9.2 Comparison of environmental commitment of luxury hotel brands with five globes of environmental responsibility

S. No.	Globes	Oberoi hotels & resorts	Shangri-La hotels and resorts	Taj hotels resorts and palaces	Marriott hotels & resorts
1	Employee education	x	x	x	x
2	Energy management	✓	✓	✓	✓
3	Environmental commitment	✓	✓	✓	✓
4	Solid waste management	✓	✓	x	✓
5	Water conservation	✓	✓	✓	✓

Note

✓—Indicates present, x—Absent

9.6 Discussion

The present study compared the environmental commitment of luxury hotels with five green globes. The globe includes employee education, energy management, environmental commitment, solid waste management and water conservation. The results of the analysis indicate that overall all the luxury hotels displayed their environmental commitment policy relating to the green globe. The globe, i.e., energy management, environmental commitment, water conservation was present in the policy statement of all the selected luxury hotel brands. Only in Taj Hotels Resorts and Palaces, the solid waste management policy was not evident. Unfortunately, all the luxury hotels selected for the present study did not represent the globe 'Employee Education' as part of the environmental commitment policy. The employee education is considered a vital globe which sets the success of the remaining globes such as energy management, environmental commitment, solid waste management and water conservation. Hence, the inclusion of the employee education in the policy is expected to bring transformation in the overall environmental commitment. It should be noted that the absence of employee education globe does not represent that hotels do not engage in employee education. It only indicates that it is not reflecting in the policy document. Hotels may conduct the training program for the employees internally. If the hotel aims to achieve competitiveness in environmental commitment, then it should include employee education in the public policy document to bring in the transparency of the information and to gain advantage from various stakeholders. The importance of employee education as part of the environmental commitment can be developed through policy amendments. Yim King Penny (2007) study cited that due to low customer demand, poor environmental knowledge and the lack of government regulations were the main reasons for hotels in Macao not following green practices. In addition, the study found that hotel managers did not recognize the importance of environmental management to hotel effectiveness and competitiveness. Employees play an important role in the execution of environmentally sensitive practices in the hotel operation. Ming-Hsuan Wu et al. (2016) investigated the impact of hotel employees green awareness, knowledge and skills on hotel's overall performance. The results of the study indicate that the fifth of the hotel's ability to implement greener practices was contributed by the employees. The importance of employee education has been highlighted by Hyun Jeong Kim et al. (2015) study. The results of their study found that the General Manager's environmental commitment affected the firm's involvement in environmental practices both directly and indirectly. The study identified five important hotel environmental management capabilities. It includes employee training, communicating environmental initiatives to guests, knowledge, and skills to implement environmental practices, capital to invest in environmental management and support from employees. Considering the results of the present study and evidence witnessed in the previous studies, it is important to include employee education as part of the environmental commitment policy in the luxury hotels. In addition, Taj Hotels Resorts and Palaces must include solid waste management practices in the environmental policy document. Solid waste manage-

ment is one of the important parameters which describes the level of involvement of the hotel in controlling the wastages through proper segregation and recycling.

9.7 Conclusion

The luxury hotel's environmental commitment policy in comparison with the five green globes indicates that hotels have well-structured environmental policy except in the case of employee education globe. One of the surveyed hotels did not have any evidence in the policy document regarding solid waste management. The study findings recommend the hotel to include employee education as part of the policy document. Employee education is the foundation to execute the other globes successfully. The policy document provides firsthand information for the outsiders to evaluate the company involvement or competitiveness in the environmental commitment. The information present in the policy document will act as a road map for the managers to plan various practices toward contributing to the environmental commitment. This is the first study which investigated the environmental commitment of the luxury hotels by using the green globe as an assessment tool. The green globe represents all the important dimension which needs to be considered for the protection and conservation of the environment. The results of the study are not alarming. An amendment in the policy document will bring effectiveness in the overall policy and in turn will help the hotels to run the business sustainably.

9.7.1 Implications

The results of the study are very important for luxury hotels to understand their environmental commitment policy in comparison with the green globe assessment tool. In addition, understanding the performance of the competitors will help to improve the existing policy to set a unique benchmark for the hotel toward the environmental commitment. The study also found that updated information about the environmental practices followed in the hotels is lacking. Apart from providing the policy related information, the result of the policy document (displaying various practices) will provide useful information for the stakeholders in the market.

9.7.2 Recommended Strategies to Enhance the Availability and Visibility of Environmental-Related Information

In order to achieve excellence in the environmental-related information practiced in the hotel, the best platform would be an online medium with the help of the Internet.

- Environmental-related information should be available next to the booking-related options on the Web site.
- Hotel promotions can have environmental practices of the hotel to create a competitive edge for the hotels among the prospective customers and employees.
- Guest communication mail footer can have a link to access the environmental-related information.
- Short videos about the environmental practices can be taken and uploaded to social networking sites.

9.7.3 Limitations

Although the objective of the present study is achieved, the study is not free from limitations. For the purpose of the study, only four luxury brands were selected. Two Indian luxury brands Taj Hotels Resorts and Palaces and Oberoi Hotels & Resorts and two international brands Shangri-La Hotels & Resorts and Marriott's Hotels and Resorts were selected for the study. The study focused on analyzing the environmental policy information available in the hotel Web sites and other available policy documents. The environmental policy information available in multiple sources was not collected for the present study. The latest environmental policies which are not featuring on the Web sites or in the policy document were not included in the study. The findings of the study are based on the information available on the hotel Web site in the month of July 2018. The coding was completed based on five globes to check the environmental commitment of the luxury hotels.

9.7.4 Future Research Directions

Comparative study of environmental commitment across different categories of star hotels in India will help to understand the involvement of the hotels in environmentally sensitive practices. In addition, the present study can be replicated to explore the environmental commitment of the Ecotels or Environmentally sensitive hotels. Usage of the statistical software to perform the content analysis will help reduce any kind of human error. The study provided the assessment framework to evaluate the environmental commitment by using the five globe. Future studies should explore the reliability of the green globe in assessing the environmental commitment. In order to increase the reliability and to arrive at a comprehensive finding, the content analysis data should be submitted to the hotel managers for the final verification. This will help to include or delete any data which is no longer a part of the environmental policy. Future studies also should explore why employee education was not included in the policy document. By addressing the above directions, understanding the environmental commitment across hotels can be very clear which will be helpful for

the policymakers and other stakeholders to contribute positively to run the business sustainability and environmentally friendly.

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Chapter 10

Is Planet B Necessary? Arguments Concerning Depleted Resources and Consequences for Sustainability



Shahla Seifi

Abstract Although concern for sustainability at a planetary level has become a general concern and subject for discussion, there is still little evidence that action is being taken or even that the causes and required actions are even understood. Thus, the World Overshoot Day occurred on 2 August 2017, six days earlier than in 2016 and 11 days earlier than in 2015. By the time of the conference, it will have occurred in 2018 also and be even earlier. It is clear therefore that the actions of humankind are not sustainable and need to be modified. One factor which needs to be addressed is that of the usage of raw materials, which are needed to produce our requirements and are integral to consumption. This paper shows that such resources are becoming depleted and in increasingly short supply while demand continues to rise as nations develop and seek to emulate the lifestyle of those in affluent Western nations. The paper continues to argue that a radical rethink of our economic system is needed to ensure future sustainability at a global level and proposes a way to achieve this.

Keywords Resource depletion · Sustainability · Renewable resources · Energy efficiency · Regulation

10.1 Introduction

In 2018, Earth Overshoot Day occurred on 1 August, earlier than ever before. Thus, for more than 40% of the year, man has been operating in overdraft fashion by consuming more than the planet is able to replace. Clearly, an overdraft is not sustainable in this situation of the world as no resources are available from elsewhere—at least until we manage to be able to harvest extraterrestrial resources! This overshoot first occurred in 1987, and the day in which it occurs has become earlier with each succeeding year. The concept is based on the work of Wackernagel et al. (2002).

S. Seifi (✉)
University of Derby, Derby, UK
e-mail: shahlaseifi@yahoo.com

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Equally, therefore, we can be uncontroversially certain that the resources of the planet are finite and must ultimately be a limiting factor to growth and development. The resources available to people are heavily used—and many would say overused. So Earth Overshoot Day gets earlier each year, and clearly, this is not sustainable. Equally, obviously, once resources are used, they are not available for future use, and despite the wishful thinking of economists, one resource can never completely substitute for another.¹ The lack of sufficient resources of raw materials to maintain current production, let alone to provide for sustainable development as outlined by Brundtland (WCED 1987), has become known as resource depletion (West 2011) and is one of the problems which the inhabitants of the planet must currently face and address.

10.2 Depleted Resources

Huge interest in sustainability which can be observed currently is improved by the earth resource depletion (see, for example, Schneider et al. 2010).² Of particular concern is the reduced supply of extractive industries like tin and aluminium or the shortage in supply of minerals needed in electronics industry. As an instance, the tin which has been the basis for founding the capital city in Malaysia is completely extracted, and now, the major part of this industry is devoted to recycling. Tin was the main reason for founding Kuala Lumpur (Gullick 1983).³ This is because the UK had already extracted all their tin for many years (Hawkes 1974), and the prosperous industries related to tin also had all disappeared. Therefore, as a desire to expand, Britain exploited what existed in other areas. By complete extraction of a resource like coal, the related firms will all fade as will all the related professions. Therefore, people involved in such industries will obviously be worried.

On the other hand, lead in the UK had been mined for over 3000 years but by the start of the twentieth century was completely exhausted (Burt 1984; Cooper 1993). Now, however, the spoil from lead mining is being reworked in order to extract minerals such as fluorspar which is currently in great demand as a flux and in making enamels (Frauenfelder 1936). So it can be seen that recycling for other minerals is a feature of some mining, as is the exporting of mining technologies throughout the world.

¹Consider, for example, Easter Island. Once the trees had been fully used, then no resource was available as a substitute (Pakandam 2009), and such activities as sailing had to be terminated alongside the termination of the construction of the famous statues.

²Plus all the other papers in the special issue of the Journal of Cleaner Production which they edited on the topic of Growth, Recession or Degrowth for Sustainability and Equity.

³Ampang is the name of an area in Kuala Lumpur, but it was the major centre for tin extraction. This is the area where KLCC and the twin towers are situated and still is the heart of this city. By tin becoming depleted, oil and gas have played the role of main elements to fuel the expansion of Kuala Lumpur. However, these elements are also getting completely extracted, and therefore, they are also finishing.

As stated, people have generally recognised that resources are becoming depleted (Vohs and Heatherton 2000) which as Vincent et al. (1997) state in fact does not just mean that these resources are completely used but that they are consumed excessively and as a result they become extinct. When resources become short in supply, it will be obviously more expensive to acquire them, and according to Spengler et al. (1997), this will lead to another topic which is to recycle the resources that have been consumed, a topic which is surely in action about some of the resources. Wilson et al. (2006) consider this as a growing business but which only to a limit extent makes up for scarcity of resources. Anyway resources to be consumed and re-consumed are limited, and sustainable growth is not achievable without access to resources. There is another aspect which may help to control this situation, i.e. swapping one resource or production material for something else. But actually what is done by such swapping is just to change the resources competition, and it leads to a rise in the cost of transaction because growth in one economy or industry might be at the expense of a reduction elsewhere.

One of the main concerns worldwide is depletion of oil resources. The reason for such concern is obviously that energy supplies most of economic activities. Actually, people might relate the Middle East crisis,⁴ and in particular the dilemma in countries like Iran and Iraq, instead of political reasons, to depletion of oil resources, now or in near future, and to what might happen accordingly. Deffeyes (2004) mentions Hubbert's peak which many people know about⁵ and discuss the possibility of its having been arrived or not.

10.3 Renewable Resources

Concerns regarding the impact of customary energy sources on earth's environment, particularly greenhouse gases along with an awareness regarding the quality of available natural resources, resulted in an increase in interest in renewable energy resources. The sources of renewable energy include geothermal heat, tides, rain, wind, and sunlight and are naturally replenished.

Power generation from wind is consistently increasing by 20% a year, with an installed capacity of 240,000 megawatts (MW) worldwide by the end of 2011.⁶ Wind as a source of energy is becoming common in the USA, Asia and Europe. The user of photovoltaic as a source of energy has surpassed the use of wind as an energy source, and the use of photovoltaic is doubling almost after every two years. By the end

⁴And perhaps in other areas, relating the existence of oil to crisis would be interesting.

⁵M King Hubert was a specialist in geology who worked for Shell company. In 1956, he proposed a theory about scarcity of resources such as fossil fuels. This theory is generally famous as Hubert's peak and declares that gas and oil production will raise to a peak amount but quickly afterwards reduces by shortening of resources. This theory was to justify the future decrease in oil production in America, and it is commonly considered as true for that case.

⁶Renewables 2011: Global Status Report". p. 15.

http://www.ren21.net/Portals/97/documents/GSR/GSR2011_Master18.pdf

of 2011, the capacity of photovoltaic around the world was nearly 66,000 MW and photovoltaic power stations have become a norm particularly in Italy and Germany (European Photovoltaic Industry Association 2012). USA and Spain also fulfil their energy requirements from solar thermal energy. Largest solar thermal power plant is situated in the Desert Mojave and has a capacity of 354 MW. In another step towards renewable energy source, the government of Morocco has initiated a \$1 billion power project during late 2012 to generate solar power. Geysers in California are the largest geothermal power in the world and have an estimated capacity of 750 MW. Another country which has taken steps to shift towards renewable energy resources is Brazil. Brazil has mainly focused on the production of ethanol fuel using sugarcane, and it now offers more than 18% of the automotive fuel in the country. Ethanol fuel is an easily available resource in the USA.

The impact of greenhouse gases produced by fossil fuels together with shortage of energy sources⁷ is the concerns which have led to more attention to the renewables. The energy acquired from natural sources like wind, sun, geothermal heat and waves that can replenish naturally is called renewable energy. Renewable energy encompasses around 16% of the whole energy consumed globally. Traditional biomass and hydroelectricity incorporate in turn 10 and 3.4% of this amount. However, modern sources of renewable energy such as sun, biofuels, wind and geothermal incorporate about 3% and are developing quickly. Renewable energy encompasses about 19%⁸ of global generated electricity which can be divided into 16% from hydroelectricity and 3% from modern sources.

Though renewable energy resources are mostly large scale, these technologies are suitable for remote and rural areas. Until 2011, small-scale photovoltaic systems are a source of electricity to a small number of homes, and micro hydro arranged into small grids serves many more. More than 43 million households fulfil their energy requirements using biogas produced in household-scale digesters for the sake of lighting or cooking, and over 165 million homes depend on a fresh generation of relatively efficient biomass cooking stoves.⁹ Former UN Secretary-General Ban Ki-moon emphasised that renewable energy resources need to be exploited as they have the aptitude to lift the underdeveloped nations to fresh levels of prosperity.¹⁰ Concerns related to climate change accompanied by hiked oil prices and rising government support necessitate legislation regarding renewable energy, commercialisation and incentives (United Nations 2007). An increase in government expenditures,

⁷It is mainly gas and oil either taken from the wells or by fracking which is recently undertaken for instance in Canada. As such resources get shorter in supply, the impact of gas and oil extraction on environment will be even deeper. Extracting oil from the shales which is the most modern technology is supposed to have adverse impacts on climate.

⁸“Renewables 2011: Global Status Report”. p. 17, 1; http://www.ren21.net/Portals/97/documents/GSR/GSR2011_Master18.pdf.

⁹“Renewables 2011: Global Status Report”. p. 14. http://www.ren21.net/Portals/97/documents/GSR/GSR2011_Master18.pdf.

¹⁰“U.N. Secretary-General: Renewables Can End Energy Poverty”. Renewable Energy World. <http://www.renewableenergyworld.com/rea/news/article/2011/08/u-n-secretary-general-renewables-can-end-energy-poverty?cmpid=WNL-Friday-August26-2011>.

regulations and formation of policies in numerous countries around the world has helped in the development of these countries. Countries that have adopted these policies managed to survive during the period of global financial crisis. International Energy Agency estimations for the future suggest that more than fifty percent of total energy production will be from solar energy which will significantly reduce emissions of greenhouse gases which adversely impact the environment. There are numerous forms of renewable energy resources which involve biomass, geothermal, tides, rain, wind and sunlight. Among all renewable energy resources, solar energy has gained special attention because this source of energy is easily accessible to all. The emphasis on solar energy can be gauged from the fact that even countries having unfavourable climatic conditions and less irradiance have developed standards regarding solar energy. Storage devices have been devised by scientists to gain and store solar energy during daylight which can be used during night later. Another idea put forward during last few decades is to utilise renewable energy as a backup or hybrid system. According to Lynas (2008), if this idea is put to practice, it will be helpful in achieving higher efficiency even during unfavourable climatic conditions.

There has been much favourable reporting of the increased use of alternative sources of energy and a view among many that the world is gradually solving its energy and pollution problems—and consequently stalling climate change. It should be noted though that there is no consensus and Le Page (2017) argues that renewable energy is not increasing at a fast enough speed to ward off climate change. He points out that only 14% of our energy is from non-fossil fuel sources and that this has not changed for the past 25 years. This is because while the developed world is increasing its use of renewable sources, the rest of the world is developing and trying to catch up—and fossil fuel sources are the quickest way of achieving this, even though it causes pollution problems, such as experienced in China, and contributes to global warming. It must be accepted, however, that if global inequalities in living standards are so apparent, then this problem will continue.

10.4 Energy Efficiency

Domestic energy consumption refers to the energy consumed by households and does not include energy consumption for transportation purposes. In 2007, around 15% of the energy produced around the world was consumed by residential sector and a mean growth rate of 1.2% a year is anticipated from 2007 till 2035.¹¹ Homogeneity does not exist when it comes to consumption of energy at household level as a percentage of total energy in a country. Energy consumption at household is significantly determined by level of income, and there is a positive association between

¹¹<http://webcache.googleusercontent.com/search?q=cache:KuKQPH4yOGQJ:www.scribd.com/doc/52469321/Energy-and-Resources+Energy+use+in+the+residential+sector,+which+accounted+for+about+14+percent&cd=8&hl=en&ct=clnk&gl=my&client=firefox-a&source=www.google.com.my, Energy and Resources—Uganda Energy Production and Consumption Uganda Sub Saharan Africa World.>

level of income and energy consumption at household level. Hence, because of higher income level, the purchasing power of households in OECD countries is more and the houses are big. Moreover, the household stuff purchased by people of this region is usually high energy consuming. More energy is required to light up larger homes and offer services such as warming, cooling and lightening. Moreover, residents of these regions use appliance such as laundry equipment, televisions and energy-using appliance. Other than this, these houses have less number of inhabitants or there are only few occupants.

This claim can be proved by a comparison of two economic powers, China and the USA. The mean area of residence in China is approximately 300 ft² per individual, while in the USA, average residence or area per person is 680 ft². Household energy consumption and GDP per person during 2007 in the USA were in turn 37.1 million Btu and 43,075 dollars.¹² Values of similar variables, energy consumption per person and GDP per capita in case of China were in turn 4.0 million Btu and 5160 dollars, which are merely in turn 1/9 and 1/8 of the American level.¹³

10.5 The Impact of Renewables and Energy Efficiency

While discussing the achievement of sustainable development, a major point of concern is advancements in renewable energy. In the modern world, the share of renewable energy is merely 16% out of which only 10% is obtained from customary biomass sources, while only 4% energy is obtained from hydro-power. Therefore, newly developed renewable resources are not used fairly so far; however, the proportion of these renewable energy resources is increasing gradually since the start of twenty-first century. The demand for energy is currently increasing at a rate of 2% per year. The demand of energy in case of developing countries is increasing at rate of 4%, while it is offset by a decreasing demand for energy in developed or highly developed countries because these countries have shifted towards energy-efficient equipment.¹⁴

Despite all the action being taken, the effects are relatively small and access to energy remains one of the key factors for economic activity. Equally, oil remains essential for that energy production and a key resource to consider in any analysis of sustainability. Significantly as resources become depleted, the transaction costs

¹²As an instance, Al Gore, famous and devoted campaigner environmentalist who also won a Nobel Prize for doing such campaigns, has been vastly under criticism as the energy consumption of his mansion in Texas is twenty times more than the average American house and 400 times more than an average African one.

¹³US Department of Energy, US Energy Information Administration, state energy information, detailed and overviews, <http://www.eia.doe.gov/state>.

¹⁴It is according to the data issued by the United States Energy Information Administration (EIA), International Energy Agency (IEA) and the European Environment Agency. The data that these organisations issue in this regards are similar.

of acquiring them increase; moreover firms need to compete with each other to a greater extent in order to acquire access to those resources.

10.6 The Geopolitics of Resource Depletion

While people in the developed Western world have been concerned with these issues, numerous countries have followed a strategy to ensure rapid economic growth and development. BRIC countries are a classic example of such countries.¹⁵ The BRIC members are all geographically large and have large populations who are keen to have access to the consumerist benefits enjoyed by the developed countries. Moreover, these countries possess a large fraction of the remaining world's natural resources, but these countries also have large number of consumers, and thus, countries have great potential for rapid economic growth. Limited number of resources in these countries coupled with large population put a lot of strain on world's economic system. This phenomenon will result in an increase in the cost of metals and will not be that fruitful when it comes to growth and development of other countries. Therefore, the positive effect of the availability of these natural resources will only benefit BRIC countries or a limited number of countries as the resources are not sufficient to fulfil requirements of other parts of the world. Thus, it will result in greater inequality in world's economic system.

Now, let us have a review on the details of remaining resources available in these countries (see Seifi and Crowther 2016). As the world's biggest country, China is growing fastest in terms of GDP—with a consequent demand for resources in terms of energy and raw materials. From all the 150 minerals that have been so far found in the world, there are deposits existing in China. For 135 of these deposits, the clear amount in the country has been declared. Twenty of these deposits are at the world's top rank. Twelve minerals, i.e. graphite, tungsten, zinc, antimony, vanadium, titanium, pyrite, rare earth, magnesite, barite, fluorite and plaster stone, are in the first world rank. Six others, i.e. molybdenum, mercury, tin, coal, talcum and asbestos, rank in the second and third places. There are five more, i.e. platinum, manganese, iron, nickel and lead, in the fourth place. China is in the world's third place concerning existence of 45 significant minerals in the world. China is one of the rare countries in which rich deposits with almost complete diversity can be found.

Brazil is also a rapidly developing country. It contains the Amazon jungle with therefore considerable access to both timber and mineral resources such as quartz, diamonds, chromium, iron ore, phosphates, petroleum, mica, graphite, titanium, copper, gold, oil, bauxite, zinc, tin and mercury.

The main natural resources of India are iron ore, bauxite and copper ore. India is one of the major producers of iron in the world. Gold, silver and diamonds make up a small part of other natural resources available in India. A major portion of the energy in India is generated from coal. It is estimated that India has around 120 billion tons

¹⁵Brazil, Russia, India, China.

of coal in reserve, enough to last for around 120 years. Huge reserves of petroleum have been found off the coast of Maharashtra and Gujarat. Additionally, electrical energy is generated by hydroelectric power, coal and nuclear energy. Half of the hydroelectric power is generated by snowfield reservoirs high up in the Himalayas. Huge dams have also been built across many major rivers to produce electricity and water for irrigation.

Russia is the world's largest mineral and energy supplier and is known as an "energy superpower", containing 22% of the world's oil, 16% of the world's coal and 40% of the world's natural gas. It is also very well known for its trees and has 20% of the world's timber and wood. The most common natural resources are iron ore, nickel, coal, gold, diamonds, furs, petroleum, zinc, aluminium, tin, lead, platinum, titanium, copper, tungsten phosphates and mercury. It also has the world's largest oil reserves, the second largest coal reserves, largest lead reserves, largest reserves of water in lakes, largest diamond deposits, the second largest potassium reserves and enormous fish reserves.

It might be argued that the rapid development of these countries has slowed in recent years—indeed, it might be argued that they have slipped into recession with either zero or negative growth (Degaut 2015). This does not, however, really change the argument. Not only do these four countries contain a significant proportion of the world's reserves of raw materials, but they are also rapidly developing countries with that development fuelled by their raw materials. Indeed, the commonly expressed view is that the development of their own country is paramount, with the implication that access to the resources by other countries (developed countries) is of lesser importance. One consequence of this is that the resources available to other countries in the developed world are constrained by this rising demand, with a number of possible consequences. Thus, access to resources becomes more important as does the geopolitics of such access.

10.7 Regulation and the Organisation of International Trading

The economic model currently used for resource acquisition—and indeed for all other forms of trading—is based upon the market as a mediating mechanism. The dominant ideology of the operation of the market is based upon that of free trade with the implicit assumption¹⁶ that complete freedom will ensure the best possible outcome. This is underpinned by the utilitarian philosophy of Bentham (1834) which assumes that maximising individual utilities is the way to maximise total utility. Although the concept of the tragedy of the commons had been described by William

¹⁶This assumption is actually made explicit by Milton Friedman and the Chicago School of Economics. It has also been made explicit by the US government during the era of G. W. Bush although this has become noticeably more silent during the era of Obama as president. We await what will happen during the Trump era of "putting America first".

Forster Lloyd¹⁷ in 1833 (Lloyd 1833), it has not been named as a concept until Hardin did so in 1968 (Hardin 1968) and so this refutation of utilitarianism was not recognised in Bentham's time.

Since the recognition of the tragedy of the commons, the approach taken throughout the world has been to mitigate its effects through the privatisation of ownership rights (e.g. Smith 1981). Some have even argued that the regulation of the commons is in breach of the Universal Declaration of Human Rights.¹⁸ So the free market system continues to reign supreme although it is no longer being pushed so avidly by its supporters. The experience of the global economic disaster of 2008 and the subsequent revelations of malpractice have shown problems with corruption and misuse of the power given by the free market. Additionally, protest movements have expressed discontent with the existing system. The largest example would be the Occupy movement¹⁹ that claimed to represent the 99% of the population who had no influence and were no longer content to be "the silent majority".

Even the governments which have actively fostered the free market system recognise that it is not perfect²⁰ and have some monitoring and regulatory oversight attached to its operation. Power imbalances prevent the working of the free market and indeed led to some of the problems in the global failure of 2008. They also show the fallacy of utilitarian economics as overall benefit by summation does not represent the best possible outcome (Crowther 2011). Some regulation is deemed necessary to comply with any form of social contract, and Roberts (2011) makes the case succinctly. Even when the British government under the leadership of Thatcher began the course of privatisation in the belief that the free market was the route to economic efficiency, they were swayed by the arguments of Veljanovski (1988, 1991) that regulatory oversight was essential. The case for regulatory oversight of markets seems therefore to be overwhelmingly accepted although some still argue for its minimisation.

Within a country, regulation is a relatively straightforward affair as it just requires the government to insist upon this and to establish a body to undertake the regulatory monitoring. The laissez-faire approach has been to allow industries to regulate themselves, and this is still common practice in the UK (Bartle and Vass 2005). Often, this has proved unsatisfactory, and increasingly, the government has become involved in the establishment of regulatory bodies and imposing external regulation. As this happens of course, the burden of regulatory costs falls upon companies and resources must be devoted to their satisfaction.

¹⁷Lloyd used the example of unregulated grazing on common land in his example.

¹⁸Article 17 states that "no one shall be arbitrarily deprived of his property" and regulation would have this effect.

¹⁹<http://wearethe99percent.tumblr.com>.

²⁰The system is based upon the concept of perfect competition which is taught in introductory economics (e.g. Lipsey and Chrystal 2015) but rejected thereafter. It is based upon the assumptions that there are sufficient buyers and sellers so that none of them is large enough to influence the market. In reality, the number of sellers is small and continues to become smaller through mergers and acquisitions until a very few sellers have a great power imbalance in their favour when compared to the individuals who are buyers.

The collaborative approach means that markets cannot operate independently based upon supply and demand with price as a mediating mechanism. Some form of regulation is needed to provide the necessary governance of these markets. This of course poses a problem. It is relatively straightforward for national governments to impose regulatory oversight over the activity within their borders, but manufacturing production is increasingly a global business with resources being acquired from one country, used in manufacturing in other countries and then sold in multiple countries. This requires regulation on a global basis and some form of global governance of markets.

10.8 Global Regulatory Bodies

Global regulation requires global organisations to exist with the power of sanction for non-compliance. This in turn requires national governments to surrender some of their sovereignty to these bodies. And this is problematic; even the surrender by the UK of some of its sovereignty to the European Union has been so difficult that currently the British people have voted to leave the EU with one of the arguments being about sovereignty. At a global level, this would require the agreement of all nations. Currently, there are 195 nations, a number which is almost double that of 60 years ago. Some are significantly more powerful—and therefore more influential—than others, but reaching global agreement is a very difficult process and almost impossible. Even the major countries USA, Russia, China and the EU (with possibly the UK added) cannot agree about very much. Also, the 27 countries of the European Union have difficulty in agreeing about many things.

There are, however, a number of global bodies which manage to exist in some kind of satisfactory way. The principal one is the United Nations which has a number of subsidiary organisations within it. The main ones are the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council and the International Court of Justice. Regulation of international trading does not fall within its ambit. For this, the World Trade Organisation exists. This started in 1995 to replace the former GATT.²¹ This merely forms a basis for extensive discussion surrounding the reduction of taxes for international trading but has made slow progress because it still needs the agreement of all countries before it is agreed. For example, the Doha Development Round commenced in 2001 and collapsed in 2011. Currently, it is still pending with an uncertain future. Regional trade agreements, such as between the EU countries themselves and with other countries, exist, but this future is somewhat uncertain with the UK on the point of leaving. Similarly, regional agreements involving the USA are collapsing as Trump withdraws the USA from them. The prognosis for securing agreement among all countries to collaborate on manufacturing and the acquisition of raw materials seems at best doubtful.

²¹General Agreement on Trade and Tariffs.

When environmental protection is considered, then the situation is equally bleak. In 1992, the United Nations Framework Convention on Climate Change was established, which led to the Kyoto Protocol in 1997. This was eventually signed by almost all countries, but the USA was a significant non-signatory. Moreover, Canada renounced the agreement and withdrew in 2012. An attempt to revise it through the Doha agreement has met with limited success so far, and the future of climate change control is at best uncertain.

It is reasonable therefore to say that a global body in a position to establish and monitor a collaborative approach to the functioning of markets in manufacturing goods and resources does not exist. If the need is accepted for a change in the market mechanism, then there would be a need for the establishment of a body to undertake this. This would be necessary but would certainly not be an easy process because global benefit is in conflict with national self-interest as well as corporate self-interest. It is, however, important to remember the argument of Popper (1957) regarding the poverty of historicism. In this argument, he contends that an analysis of the past is no guide to the future and that basing any expectations upon what has happened in the past is flawed and unreasonable. Thus, the fact that solutions have always been found previously gives us no cause for optimism in the present and immediate future.

10.9 The Need for Regulation

All organisations need some form of governance (Bevir 2013). At its simplest governance is merely a set of rules which define the way the individual members of an organisation interact with each other. It is only when the term is used in either a political sense that it has any other connotation or a corporate sense when it refers to relations between the corporation and its investors. In general, it applied to any organisation of two people or more who need some sort of rules to engage in mutual activity. Thus, the markets which exist for raw materials trading need some form of governance (Williamson 1979) as would these when adapted to a collaborative approach. The whole purpose of governance rules is to share procedures to enable the organisation to function and is based on the principles of transparency, fairness, accountability and the rule of law.

It has previously been established (see 8.4 above) that the United Nations does not fulfil the role of world governance although some (e.g. Rosenblau 1999; Thakur and Weiss 2006) consider it as a possibility and perhaps desirable. Indeed, the pressure group Forum for a New World Governance²² exists to promote this concept. Thakur and Van Langenhove carry this concept forwards further (2006) by proposing regional governance bodies²³ which eventually will become global governance.

²²<http://www.world-governance.org/spip.php?rubrique6&lang=en>.

²³The European Union was a prime example of this in 2006 with inevitable closer union seeming likely. Subsequent events have placed doubt upon this closer union, and there is even a strong degree of questioning of the continuing role of the EU.

Such writers, however, seem to fail to differentiate between governance as a governmental function and governance as simple rules of operation. Thus, governance has become inseparable from the political domain, and it is here where such a proposal will fail as nations are reluctant to surrender their autonomy and sovereignty. Without these rules, however, international relations are subject to the vagaries of political alliances and to the use of power with the most powerful nations exerting the greatest influence. This of course is one of the problems of the free market mechanism as a corollary of utilitarian economic philosophy.

Governance of global trading markets, however, implies no political content, but is merely rules of process and dispute resolution, which is nowhere near as controversial. To an extent, this already exists in the form of international trading—via the WTO rules which act as a default if no alternative between countries has been agreed (Mavroidis 2015)—and especially international finance (Quinn 1987). In each case, the regulation is not separated from the political domain, which can cause problems in both monitoring and enforcing sanctions and even in agreeing change. As the regulation is of a competitive economic market, then it is indeed difficult to separate the regulation of it from the use of power and therefore from the political domain, and this is probably one of the major causes of the difficulties which arise in the negotiation of trading regulations. It is helpful therefore to consider both the purpose of regulation and the new environment suggested by this research.

At its simplest governance is just the set of rules and procedures by which people engage in any form of joint tasks or activities. In general, these need to be written so that they are available to everyone concerned, and it can be seen that everyone is following the same procedures or would take the same actions in the same circumstances. If the rules of governance are incomplete or are not fully written down, then this can lead to corrupt activity or the misuse of power. This is true of any form of organisation and is not limited to commercial organisations or to governments. An example of this is FIFA and the Sepp Blatter era where poor governance²⁴ was held responsible for the corruption problems experience. From this, it follows that transparency must exist so that all concerned parties can see how all other concerned parties are behaving in the agreed-upon manner. This therefore requires accountability so that people can be held responsible for actions taken or not taken. With accountability comes the need for regulation (Braithwaite et al. 2007), and this therefore requires some form of regulatory oversight.

Regulatory oversight necessitates someone to undertake this function, and this can be done either internally—by the organisation itself—or externally by either an existing body or one set up expressly for this purpose. The accounting profession provides a prime example of an internally regulated organisation, while the Enron scandal (Toffler 2003) provides a prime example of the problems that can ensue from this form of regulation. An example of external regulation by an already existing organisation is given by the WTO and trade regulation which by a body expressly established for the purpose is given in the UK by the Financial Services

²⁴<https://www.theguardian.com/football/blog/2015/jun/09/fifa-reform-manifesto-football-sepp-blatter>.

Authority which has since become two bodies, the Financial Conduct Authority and the Prudential Regulation Authority, controlled by the Bank of England. As argued above, regulation within a country is not a great problem as it can be imposed by the government if all else fails. Markets for the trading of raw materials are, however, a different matter as this is done in an international manner in global markets. Indeed, the market as such is often virtual as the price mechanism works in any competitive environment. Effectively, therefore, this is a global market which would require regulating on a global basis—and the establishment of a regulatory body to provide this oversight and with the power to impose the sanctions agreed upon in the event of non-compliance.

It is difficult to see how this could be established without the agreement of all nations and certainly the agreement of the most powerful nations. It is equally difficult to see how this could be established without any geopolitical considerations. It should also be recognised that at the moment the power probably lies mainly with the consuming countries of those raw materials as they have the economic resources and extract greater value added from the employment of resources in production. As time progresses, however, the scarcity of resources, as they become more depleted, will change and this will inevitably change the power basis towards those who have the raw materials and away from those that desire them. Conceivably, therefore, Marshall McLuhan prediction (McLuhan and Fiore 1968) that future wars will be based on economic criteria has been shown to be both prescient and in need of serious consideration. Seifi and Crowther (2016) have noted that the BRIC countries possess a considerable share of these remaining resources while also developing their industrial capability which will have a significant effect on the current markets for resources, and this will become more pronounced as time progresses, as will resource depletion and the development of industrial production capability in these (and other) countries. This of course would strengthen the argument for a collaborative approach, at least among the developed but resource-poor countries (such as the UK), but perhaps lessen the desirability among developing but resource-rich countries. This also increases the likelihood of armed conflicts increasing. Such conflicts exist at the present and have been forecast for the future (e.g. Bulloch and Darwish 1993) as well as explained by economic reasons such as (in part) the invasion of Iraq in 2003 (Bassil 2012).

The regulation of the market for raw materials in a collaborative environment would require the establishment of a new organisation with a new set of rules. This is possible of course, and the example of the Russian Federation after the collapse of the USSR gives an example of how this can be done (de Rosa and Malyshev 2008). It is, however, a complicated process without any guidelines. One of the basic principles of such a market would have to be the allocation of resources. The conventional mechanism for market exchange is that of price, but this would not work in this situation as price allocates resources to those who can pay the most, and therefore probably in developed countries, whereas the resources would need to be allocated in the way which would enable maximum use to be made of them. This raises several problems:

- **Determining Optimal Use**

In theory, economics enables resources to be allocated in the optimal way through the price mechanism which implies that the highest price will always be paid by the party which can make best use of the resources. But this best use is determined by what is most profitable to that party which may well not be what is best for the world as a whole. It also presupposes a short-term view of what is best, whereas a sustainable future might need different decisions when the future is taken into account—in other words the long-term view might well need to outweigh the short-term view and immediate profitability. A further difficulty is that optimal use is not an absolute concept and competing uses may well be preferred by different people.

- **National Prejudices**

National interests and prejudices cannot be separated from a global allocation process. Many countries have preferred trading partners, such as the claimed special relationship between the UK and the USA or the reinstated special relationship with commonwealth countries. Equally, many countries are wary of trading with certain others due to such reasons as ideological reasons or religious differences, or preferences for these reasons. It could be claimed that economic utility ignores such preferences and prejudices, but in reality the trading of increasingly scarce resources can never be separated from either political influences or power relationships.

- **Political Influences**

Political processes among nations consider a wide variety of aims and objectives which are not economic. Indeed, strategic objectives are often more important and these could outweigh economic benefit in decision-making. Thus, the optimal sustainable capability of the world as a whole is almost never considered and does not even rank on most decision-making processes in the political arena. Indeed, even if war is engaged in for economic reasons, then the outcome might be beneficial for some individual countries, but is never beneficial for the planet as a whole: some nations become worse off as a result. It is also the case that resources are used for this purpose and therefore diverted from other purposes, and so, the net productive capacity of the planet is reduced in this manner. As resources become more depleted and therefore more scarce, then this becomes an increasingly important consideration.

- **Corruption**

Regulation is part of governance, and human nature means that procedures become more lax as they continue in existence. Rules get ignored and corruption creeps into the system. With most systems of governance, this can be overcome by an oversight of the process—regulating the regulators. At a national level, this is not really a problem as there is always a higher authority. At a global level, however, such as required by this system, there is no higher authority who can check on the world governance of markets.

10.10 Conclusions

In order for this new market to work, there will need to be a method of resource allocation, having recognised that price does not act as an efficient medium of exchange. There must, however, be a method of recognising (and accounting for) an exchange of value with the purchaser receiving the raw materials and the seller receiving a reward instead. The only available mechanism for this is money, and this works very well as a means of recording value. It is just the price setting mechanism which needs to be adjusted from assumed scarcity to true utility. The only way this has been done without price setting through the market was in Soviet Russia where resources were just allocated centrally. This was generally recognised as unsuccessful (Treisman 1996) in part because it was impossible to separate benefit to the people as a whole (i.e. utility) from governmental needs and desires. Suggestions have been made by various people (e.g. Fair and Jaffee 1972) for ways to set price in situations where supply and demand do not operate satisfactorily. There are also many examples where governments have intervened in the market, but this has been chiefly to alter price for the benefit of individual consumers or simply as a revenue-raising mechanism, such as for petrol or alcohol, or to affect demand for goods, such as tobacco for health reasons. Indeed, regulation and manipulation of price have been a constant feature of the imperfect markets created by the privatisation process instigated by the British government under Thatcher and subsequently copied by many governments around the world. Indeed, this has been described (Crowther et al. 2001a, b) as a ritualistic process without real meaning.

It is clear that some mechanism for exchange is needed and that price in monetary terms works efficiently throughout the economy. Intervention to affect price for the overall benefit of a sustainable world is necessary as this has been shown to be desirable. It is here where difficulties arise and no satisfactory solution has been seen to exist. It is difficult to arrange for satisfactory regulatory oversight to achieve this because of political factors and a lack of any global supranational organisation to affect this. This might be taken to imply the need for global politics to become supreme and for a global governmental organisation to be created, subordinating national governments and interests. This is unlikely to happen in the near future, and its need may not be strictly necessary (Crowther and Aras 2009). Having said this, however, the governments of the nations of the world have managed to combine together to take action when they agree that it is really necessary. Thus, the United Nations was established in the post-war settlement of 1945 by 50 countries²⁵ but has since been accepted by all 193 countries of the world. Similarly, climate change has been recognised as being a real phenomenon and the Climate Change Convention came into force in 1994; it has since been recognised by almost all countries. Thus, there is evidence that a global problem can ultimately be solved, and therefore, there are grounds for optimism.

²⁵<http://www.un.org/en/sections/history/history-united-nations/>.

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Chapter 11

Comparative Analysis of Corporate Social Responsibility Policy (CSRP) from Selected Hotel Brands and Identifying Areas for the CSRP Enhancement



D. P. Sudhagar and Sheeba Samuel

Abstract The aim of the present study is to investigate the Corporate Social Responsibility policy of popular hotel brands. The study followed a content analysis approach to collect and investigate the (CSRP) of the hotel brands through reliable data collected from the company website and the publications. The study also compared the involvement of the CSRP between Indian and Foreign Hotel Brands. The findings of the study provided a comprehensive framework for CSRP. The study results indicate that CSRP was focused on nine areas such as education, skill enhancement, restoration, livelihood support, social problems, support to government policy, environmental protection and conservation, extended support and community development. The results of the present study will help to conduct empirical research among the stakeholders of the hotels to know the effectiveness and the outcome of the CSRP. It is imperative that the hotel brands should involve all the stakeholders in the CSRP to provide a holistic contribution and gain a competitive edge from such policies. The present study is exclusively focused on reporting the contemporary CSRP followed by the hotel brands. The study also provides a recommendation to broaden the CSRP to achieve optimum results.

Keywords Corporate social responsibility · Hotel · Brands · Policy · Content analysis

11.1 Introduction

Prior to the introduction of CSR concept in India, CSR related activities can be traced in the Indian history right from the ancestral age. Frynas (2006) reported that Kautilya, the famous Indian philosopher, an economist from the third century BC

D. P. Sudhagar (✉) · S. Samuel
Garden City University, Bengaluru, India
e-mail: sudhagar.dp@gardencity.university

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supported the notion “business practices based on moral principles”. The concept of the ethical way of transacting the business, involving in charity to the backward segment, sharing the profit, providing free food and shelter to the needy was part of the Indian culture. In the year 1850, the businessman with accumulated wealth helped the poor segment of the society by providing food and shelter. The pre-independence era, the year 1900 witnessed industrialist setting up educational institutions and healthcare facility to the marginal segment of the society. Evolution of the public sector, post-independence era year 1960–1980 involved in wealth distribution to the needed segment of the society. From the year 1980 onwards, companies in India accepted CSR as part of the sustainable business strategy. The Dharamshala is one of the fine examples of the existence of CSR practices related to the hotel industry. The Dharamshala is mainly focused on providing free accommodation and food to the pilgrims or to the travellers. The Indian tradition played a vital role in the growth of the CSR practices among the Indian Corporates, particularly in hotels. The Indian tourism industry boosted the growth of the hotels. The report of the World Travel and Tourism council indicates that India was considered as the preferred tourist destination right from the year 2009, and it is expected to continue till the end of the year 2018. The hotel industry in India is growing at a faster pace. The increase in the number of independent hotels and international hotel chains has contributed to the growth of the hotel industry. As per the Travel and Tourism Competitiveness Report by World Economic Forum (WEF), India stands at sixth place in the hospitality and tourism industry. This growth scenario has led to severe competition in the industry. Hence, the hotels are finding ways to run the business sustainably. One of the key factors for the sustainability of the hotel is to engage in Corporate Social Responsible Practices which create benefits for the stakeholders in the entire business cycle. In addition, the Government of India emphasized on “responsible business concept” in the voluntary guidelines for companies (2011). Due to this regulations, hotels are engaging in CSR practices. Business for Social Responsibility (2006), the report indicates that sixty-seven per cent of executives strongly agreed that execution of the CSR initiatives provided a competitive edge to the company. The availability of the CSR related literature in the Indian context is lacking. The foundation for CSR activities is derived from the CSRP of the hotel. Hence, it is important to have a structured policy which covers all the aspects of the business activities to gain profitability and a positive image of the company. The present study is focused on a comparative analysis of CSRP from selected hotel brands and identifying areas for the CSRP enhancement.

11.2 Review of Literature

It is important to discuss the definition of the Corporate Social Responsibility (CSR) for the present study. Blowfield and Frynas (2005) defined CSR as socially responsible practices. Carroll (1991) explained CSR based on four commitments. They are economical, legal, ethical and philanthropic. Carroll (1979) defined CSR as a business

that practice social responsibility focusing on legal, economic, ethical and philanthropic expectations of society from an organization at a certain point in time. Cohen (2010) defines CSR “a particular way of transacting the business that is focused on standard management controls and ethical principles which considers the social, economic and environmental factors while taking business decisions” The generation of CSR was explained by Zadek et al. (2003). The first generation is based on corporate charity, the second generation is based on strategic, and the third generation is competitive. The reporting of the above studies indicates that the CSR is a concept focused on multidimensional aspects of the company and its involvement with the development of the community (Table 11.1).

The CSR related studies pertaining to the hospitality indicates that CSR is considered to be beneficial for the customers, employees, organization and to the commu-

Table 11.1 CSR related studies pertaining to the hospitality industry

Author and year	Highlights of the study
Srivastava et al. (2018)	<ul style="list-style-type: none"> • Positive and significant relationship with the perception of CSR due to the green involvement • Increased in Green training influenced the relationship between green involvement and the perception of CSR
Kim et al. (2018)	<ul style="list-style-type: none"> • CSR related to philanthropic and economic factors were positively influenced the quality of work life • CSR related to legal and ethical factors did not influence the Quality of work life
Wang and Huang (2018)	<ul style="list-style-type: none"> • Internal CSR message produced greater perceptions than the external CSR message • Perception about trust, satisfaction, control mutuality and commitment towards the organization was higher among the stakeholders for the internal CSR message
Farrington et al. (2017)	<ul style="list-style-type: none"> • Hospitality management was better to evaluate the opportunities and challenges of CSR • The general management literature was adopted to assess the process, perceptions and private profitability. There is a need to engage in research focusing on the context-specific or theoretical level
Jalilvand et al. (2017)	<ul style="list-style-type: none"> • Corporate social responsibility had a direct and positive effect on customer trust, reputation and word of mouth communication
Said et al. (2017)	<ul style="list-style-type: none"> • Government ownership and audit committees had a positive and significant influence on CSR disclosure
Al Jarah (2017)	<ul style="list-style-type: none"> • A positive relationship between corporate social responsibility and behavioural intention • Repurchase/revisit intention was most affected by CSR followed by loyalty intention • Word of mouth communication and willingness to pay intention was less affected by CSR

(continued)

Table 11.1 (continued)

Author and year	Highlights of the study
Su et al. (2017)	<ul style="list-style-type: none"> • Perceived CSR directly affects positive emotions, negative emotions and customer-company identification • Positive emotions influenced customer-company identification • Positive emotions and customer-company identification partially mediated the relationship between perceived CSR and green consumer • Hotel type was not found to be a moderating factor
Islam et al. (2016)	<ul style="list-style-type: none"> • Organizational commitment mediated the relationship between CSR and organizational citizenship behaviour • Organizational identification mediated the relationship between CSR and organizational commitment
Supanti et al. (2015)	<ul style="list-style-type: none"> • CSR improved the employer–employee relationship was accepted by the hotel managers from all levels and functional areas • Relationship, fun, pride, skills and teamwork were found as an effect of CSR engagement
Tay et al. (2015)	<ul style="list-style-type: none"> • Positive and significant association between the number of technical indicators signal breaches for a firm and the level of CSRP • The relationship was mainly found in the environment, energy, human resources, product and customer categories
Holcomb et al. (2007)	<ul style="list-style-type: none"> • 80% of the hotel companies reported socially responsible activity • CSR activity was related to charitable donations • 60% of the hotel companies reported diversity in the CSR policy • 40% of the hotels mentioned the mission and vision statement • The difference in the balanced CSR approach was observed • Environmental, vision and values were less cited in the CSR policy
María et al. (2014)	<ul style="list-style-type: none"> • Hotels were incorporated into an institutional context marked by enforced and regulatory pressures
Park and Levy (2014)	<ul style="list-style-type: none"> • Perception of employees on CSR activities includes host community, colleagues and customers and beyond green practices • Employee's perception of CSR activities of the hotel had an impact on the organizational identification
Sasa et al. (2014)	<ul style="list-style-type: none"> • Guests of small hotels perceived social responsibility through the environmental and social perspective • Guest with a strong perception of social responsibility was motivated to select small hotels and displayed high satisfaction with their choice

(continued)

Table 11.1 (continued)

Author and year	Highlights of the study
Palakshappa and Chatterji (2014)	<ul style="list-style-type: none"> • CSR was utilized in the Indian context • Importance of CSR with regard to societal structure and the positive belief that could be gained was not recognized • The government, business and non-governmental organizations partnerships are required to institutionalize CSR
Casado-Díaz Ana et al. (2014)	<ul style="list-style-type: none"> • Hotels were standing at 9th position in return, 15th in risk, 8th in ratio returns with regard to CSR • The airline industry was standing last with regard to performance and risk
Kennedy Nyahunzvi (2013)	<ul style="list-style-type: none"> • Zimbabwe's hotel group focused on financial performance instead of social and environmental themes as per the CSR reporting • Zimbabwe's hotels were lagging behind other hotels with regard to CSR approaches
Visser (2011)	<ul style="list-style-type: none"> • CSR will be acting as a framework for employee motivation and to create a competitive edge
Cohen (2010)	<ul style="list-style-type: none"> • Due to the allegations received by the companies for their irresponsible practices, the company uses CSR as a defence strategy
Holcomb et al. (2010)	<ul style="list-style-type: none"> • CSR activities of the CSR theme parks were related to the environment, community and customers • The diversity policies, employee welfare programs and employee volunteerism were identified in the study • Walt Disney World provided detailed CSR reporting as per the study
Qu (2009)	<ul style="list-style-type: none"> • Marketing-orientation effect on organizational performance was mediated by CSR
Halme and Laurila (2009)	<ul style="list-style-type: none"> • Addressing the developmental and social issues should lead to business opportunities by solving the problem. The process is called innovative CSR
Potluri et al. (2008)	<ul style="list-style-type: none"> • Ethiopian companies expressed 100% positive attitude towards CSR • CSR was focused on customers, creditors and suppliers, general public and government
Capriotti et al. (2007)	<ul style="list-style-type: none"> • Companies placed high importance to corporate responsibility on their websites • The CSR information available on the company website was focused on social and environmental
Jones et al. (2006)	<ul style="list-style-type: none"> • Pub operators had a different approach towards CSR • CSR approach was varied according to its nature and level of reporting • Four CSR issues focused were marketplace, workplace, environment and the community
Visser (2006)	<ul style="list-style-type: none"> • CSR foundation is based on the moral commitment of the owner and the open feedback provided by the local community and customers

nity. The involvement of the CSR related policies and practices tends to vary based on several factors of the company. The availability of the CSR-related information is also varying in nature. Studied also indicated the need for government, business and non-governmental organizations partnerships to institutionalize CSR. It can be concluded that there is a greater need for research in CSR to understand and standardize the CSR framework for a better outcome.

11.2.1 CSR Regulatory Framework in India

The Companies Act (2013) which was in effect from April (2014) indicates that the selected category of companies must spend on CSR activities. The Section 135 of the act directs the company possessing a net worth of 5 Billion or more, a business turnover of 10 Billion or more or a total net profit of 50 Million or more should spend a minimum of 2% of the average net profit within three financial years for CSR activities.

List of CSR activities that need to be in company CSR policies as mentioned in the schedule VII of the Companies Act includes,

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation, and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocational skills especially among children, women, elderly, and the differently able and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens; and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, para-Olympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the central government for socio-economic development, relief and welfare of the scheduled castes, scheduled tribes, other backward classes, minorities, and women;
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the central government;

10. Rural development projects.

Depend upon the need of the society the government also will announce other CSR related activities. The companies which fall under CSR bracket if it is not spending on CSR or failing to update to MCA (Ministry of Corporate Affairs) is likely to be fined INR. 50 lakh and if it required imprisonment up to two years.

11.3 Purpose of the Study

Farrington et al. (2017) pointed out that the general management literature was adopted to assess the process, perceptions and private profitability related to Hospitality CSR. There is a need to engage in research focusing on the context-specific or theoretical level. Hence, the aim of the present study is to explore the Corporate Social Responsibility Policy of popular hotel brands to identify their involvement in CSR and to compare the CSR policy between the Indian and Foreign brand. The study also aims to provide a recommendation to improvise the CSR to provide a comprehensive framework which will create benefits for all the stakeholders in the market and to run the business sustainably.

11.4 Research Methodology

11.4.1 Selection of the Hotel Brands

For the purpose of the study, two Indian hotel brands and one foreign brand have been selected to review the CSR. Taj Hotels Resorts and Palaces and Oberoi Hotels Resorts and Palaces were selected for the Indian hotel brand category and Marriott's Hotels and Resorts was selected under foreign hotel brand. The selected hotel brands are considered to be popular around the world and the hotels have its presence in different geographical locations. In addition, the business operations of the selected hotels proven to be successful. The hotel brands also involved in several CSR activities. Hence, reviewing the CSR of these hotels will help to understand the CSR framework, the involvement of CSR and to provide a recommendation to further improve the policy framework.

11.4.2 Content Analysis Framework

The study followed the content analysis of the CSR to understand the policy focus of the hotel brands and to identify the areas the CSR is mainly focused. Content analysis is considered as a valid tool to analyze the information to find out meaningful

results. The CSR document of Taj Hotels Resorts and Palaces, Oberoi Hotels Resorts and Palaces and Marriott's Hotels Resorts and Palaces available on the company website was collected for the content analysis. The CSR was carefully analyzed based on the content analysis procedure. All the CSR were numerically coded for each hotel. Each similar policy was selected and grouped to denote the area of the CSR. Once the CSR area is identified, each CSR of the hotel is checked for the presence or absence of the policy under the particular CSR. The presence of the CSR was numerically coded as "1" and absence was coded as "0". This procedure will help to identify the overall involvement of the CSR for each selected hotel.

11.5 Results Analysis

See Tables 11.2, 11.3 and Graph 11.1.

11.6 Discussion

The results of the study identified nine areas of the CSR from the selected hotel brands. The areas include education, skill enhancement, restoration, livelihood support, social problems, support of government policy, environmental protection and conservation, extended support and community development. The policy pertaining to environment protection and conservation and community development was not found in Taj Hotels Resorts and Palaces. Restoration, extended support and community development were not found in Oberoi Hotels Resorts and Palaces. The foreign brand Marriott's Hotels and Resorts CSR was present in all the CSR areas identified

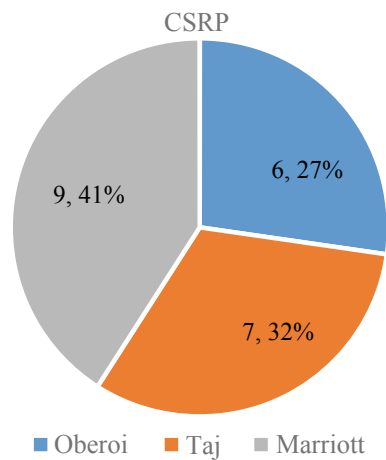
Table 11.2 Identification of CSR policy focus areas through CSR document

S. No.	CSR policy focus areas
1.	Education
2.	Skill enhancement
3.	Restoration
4.	Livelihood support
5.	Social problems
6.	Support to government policy
7.	Environment protection and conservation
8.	Extended support
9.	Community development

Table 11.3 Comparative analysis of CSRP from selected hotel brands

S. No.	CSR policy	Taj Hotels Resorts and Palaces	Oberoi Hotels Resorts and Palaces	Marriott Hotels and Resorts
1.	Education	1	1	1
2.	Skill enhancement	1	1	1
3.	Restoration	1	0	1
4.	Livelihood support	1	1	1
5.	Social problems	1	1	1
6.	Support to government policy	1	1	1
7.	Environment protection and conservation	0	1	1
8.	Extended support	1	0	1
9.	Community development	0	0	1
Total		07	06	9

Graph 11.1 Comparative analysis of CSRP from selected hotel brands



in the study. Overall, all the selected hotels comparatively possessed well-structured CSRP. The involvement of the foreign brand in CSRP is relatively higher when compared to the Indian brand. This is the first study CSR areas by comparing the CSRP of Indian and Foreign hotel brands.

11.7 Recommendation to Broaden CSRP with Respect to Hotels

The study recommends that Corporate Social Responsibility Policy should not be merely based on government CSR policy. The CSR policy proposed by the government can be taken as a basic framework but the list of CSR activities planned by the hotels should be related to the industry to create benefit for all the stakeholders involved in the business. The business function of the hotels is to provide food, beverage, accommodation, and service to the guest across the globe for different segments/types of guest. To run the business, hotels requires different resources, i.e. manpower, raw materials, services and equipment. The study recommends that wherever possible the resource acquisition should happen locally is to provide an opportunity for the local community to supply the resources required for the hotels and in turn increase the standard of living. By conducting temporary CSR activities for meeting the mandate of the government, the main purpose of CSR cannot be achieved. The founder of the TATA group, Jamsetji Tata (Tata Services 2010) indicated that “In a free enterprise, the community is not just another stakeholder in our business, but is, in fact, the very purpose of its existence”. Hence, hotels should include local communities as part of executing the business function. Going forward, companies are expected to engage in long-term CSR initiatives which create value for the companies and communities. The concept of charity work, short-term programs will be replaced by integrated business function between the companies and community. The concept of CSR will be replaced by CSV (Creation of Shared Value). Indian companies’, i.e. Fab India, Amul Dairy and Hindustan Lever have successfully integrated their companies with the community as part of the business process and function to create value for the communities and to uniquely position their business in the market. For example, Fab India collaborates with artisans across the country. The product manufactured in rural market is sold in the urban market. The integration helps in many ways, i.e. preservation of tradition, employment to rural Indians, the source of income, etc. Amul Dairy created a white revolution in India. The companies transformed the volume of milk production and the availability of milk-based products to the consumers. It created the benefit for the milk producers, processors, and consumers in the market. The concept of Shakti Ammas, introduced by Hindustan Lever provided an opportunity for the rural mothers to sell HL products to the consumers in the rural market and get profit from the sales. This concept helped the company to generate business in the market leading to profitability, the source of income for the mothers through selling the product and opportunity for the consumers to access and experience quality products in the rural areas. Similar to Fab India, Amul Dairy and Hindustan Lever, hotels can also innovate and engage in sustainable CSR policies such as

- Sourcing the raw food materials from the local farmer.
- Procuring interior decorations for the room from the local artisans.
- Employing mothers in traditional kitchens.

- Providing skill-based training pertaining to hotels to the unemployed youths in the community.
- Providing the requirements to the farmers to cultivate required food materials
- Contracting with local performance artist to provide local entertainment to the guest.
- Using local transportation modes for site seeing.
- Allocating a certain percentage of manpower recruitment from the local community.
- Adopting a tourist destination in a particular place.
- Promoting local cuisine and snacks among the guest.
- Selling local souvenirs to the guest.

Hotels can include the above-recommended practices as part of the Corporate Social Responsible Practices to ensure Creation of Shared Value to all the stakeholders.

11.8 Conclusion

The CSR policy of the hotel should consider all stakeholders in the business to ensure benefits for all the sections in the society. The efforts will provide a competitive edge to run the business effectively. Support from all the stakeholders is essential to run the hotel business efficiently. Chatterjee (2017), Indian Institute of Corporate Affairs, CEO indicated that “we are evolving a model that is truly Indian, developed for India, by India, and in India”. He mentioned that the idea is to focus on the lack of economic and social development and to reach the poor and marginalised.

11.8.1 Policy Implications

The present study identified the CSR areas which are followed in the hotel business and a list of other CSR areas that can be focused by the hotels. India, being a developing country bringing uniformity in the CSRP will help the government to fulfil the societal needs of the country. In addition, CSR policy should be made mandatory for all the business in the country. The foundation of the policy can be uniform but the level of involvement can be decided based on the size of the business. This will help the hotels to accept the policy and to engage in realistic actions. The CSR policy alone will not bring effectiveness to the outcome. A standard evaluation framework will help to identify the hotels showcasing high/low involvement in CSR activities. The hotels involving in high CSR activities should be recognized with suitable awards and incentives to motivate them to continue and improve the performance to the next level. The hotels which are displaying low CSR activities should be held accountable and identify the barriers to help them to increase the involvements in CSR activities.

11.8.2 *Limitations of the Study*

The present study is focused on analyzing the Corporate Social Responsibility Policy of selected Indian and Foreign hotel brands. The information collected for the study is based on the available information on the company website and the policy document of the company. The study did not investigate any other information which was not part of the policy document. In addition, the outcome of the policy document (CSR activities) conducted by the hotel was not measured. The study utilized content analysis approach to meet the objectives of the study.

11.8.3 *Avenues for Future Research*

The framework of the present study can be replicated to other hotels brands to understand any additional CSR areas the hotels are involving. In addition, the results of the study can be compared with future studies. Votaw and Sethi (1973) indicated that CSR “is a brilliant one. He stated the CSR is something but not always the same thing to everybody”. The CSR policy of hotels tends to differ from one hotel to the other due to the lack of uniform policy from the government. Future studies should focus on collecting CSR information of different star categorized hotel, i.e. five stars deluxe, four-star and three-star hotels. In addition, a conceptual model can be developed to assess the CSR policy of the hotel brands.

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Part III
Economic

Chapter 12

Social Business for Sustainable Development: A Developing Country Perspective



Naznin Sultana and Arifur Rahman

Abstract This research offers a critique on the limitations of the capitalism and justifies the potential of the application of social business idea in the sustainable development of developing countries such as Bangladesh. The purpose of this study is to report whether the idea of social business supports the achievement of the concept of sustainable development in the light of Sustainable Development Goals (SDGs) taking into account the first six goals- no poverty, zero hunger, good health and well-being, quality education, gender equality and clean water and sanitation-amongst the 17 goals of SDGs set by the United Nations Organization. The study has undertaken a qualitative research approach using both primary and secondary data. In-depth interviews with social business experts and three case studies with Grameen Danone, Grameen Veolia and Grameen Healthcare Service have been conducted. Data have been analyzed using thematic analysis method. The result indicates that there is a high potential application of social business concept for the sustainable development of developing countries. This research has the potential to draw the attention of large corporations towards social business and is likely to enhance the interest of social change makers towards it. This research can be considered as one of the initial attempts to examine the potential application of social business concept in ensuring sustainable development.

Keywords Social business · Sustainable development · SDGs · Capitalism · Grameen affiliates · Thematic analysis

12.1 Introduction

Over the decades, capitalism has been being criticized by a number of authors and scholars mainly for enhancing the discrimination between the rich and the poor even though it continuously reveals new horizons for profit through innovation, competi-

N. Sultana (✉) · A. Rahman
University of Dhaka, Dhaka, Bangladesh
e-mail: barsha86mkt@gmail.com

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tion, and securing competitive advantage (Jessop 1997). It has also been successful in achieving higher productivity by motivating people for the egoistic desire for profit (Aydin 2011). However, the success story of capitalism has come to an oxymoron since the world has faced a number of financial crises during the past and present centuries. The events of such a serious economic crisis have been regarded as the disease of capitalism or moral crisis (Aydin 2011). Capitalism is further criticized by the fact that it has failed to include the poorest segment of society as consumers (Islam and Huda 2018). Given capitalism assumes human being as a rational creature absorbed in profit maximization through self-interested activities, it also assumes that all efforts that human being make are aimed at obtaining either “power” or “pleasure” or “praise” (Aydin 2015). Many of the great economists found it natural to be self-centered. Hart (2007) believes that capitalism could contribute to global sustainability if the profit motive is properly nurtured. He also believes that only corporations can ensure sustainability using all their resources and capacity. Yunus (2006) argued that the problem with free market arises because of the egocentric interpretation of capitalism which views entrepreneur as one-dimensional human being with profit maximization motive. He termed it as “conceptual failure” instead of “market failure” as it has failed to capture the original spirit of the human being.

It is a fact that social problems are addressed partially by government, NGOs, and charities. But it is to be noted that in a free market economy, resources are mostly owned and controlled by private enterprises and business corporations, and therefore, government has little to contribute in this regard (Hart 2007). Again, financial aid or charity contributes very little in poverty alleviation enhancing corruption among powerful elites (Islam and Huda 2018). Yunus (2008) also argued against charity because of the single life cycle of the donated amount. Bruggmann and Prahalad (2007) proposed a “co-creation,” a partnership among corporations, NGOs, and entrepreneurs, as a solution to the earlier stated problem. They also believed that this co-creation would be an effective way of achieving sustainable development. Seelos and Mair (2005), on the other hand, suggested “social entrepreneurship” as a better way of ensuring sustainable development where profit is considered as a “by-product” of the social value creation process. Yunus (2006) proposed a new business entity, self-sustaining in nature, in order to address social problems in a business way. He termed it “Social Business”. Aydin (2015) found this concept very much effective in achieving sustainable development.

12.2 Literature Review

The background of this study is based on a number of studies conducted in Bangladesh and all over the world over a period of time. Since Nobel Laureate Dr. Muhammad Yunus commenced the term “Social Business” in 2006, most of the people are yet to be clarified about the concept. Even the definition of social business varies. Yunus et al. (2010) defined social business as:

A self-sustaining company that sells goods or services and repays its owners' investments, but whose primary purpose is to serve society and improve the lot of the poor. (P. 309)

Yunus (2011) provided the following definition of social business:

Social business' is a non-loss, non-dividend enterprise – dedicated entirely to achieving a social goal – where an investor aims to help others without taking any financial gain him or herself. At the same time, the social business generates enough income to cover its own costs, any surplus is invested in expansion of the business or for increased benefits to society. (P. 13).

Thus, social business is different from a traditional capitalistic business from the point of view of their purpose. It is a “non-loss-non-dividend company” which operates without incurring losses while serving the people and the society in the best possible manner (Yunus 2006). These definitions reveal some unique characteristics of social business that differentiate it from both traditional profit-maximizing business and charity. It is not charity because it does not depend on donation or financial aid. On the other hand, it has to recover its full cost in order to attain sustainability. Investors are strictly prohibited to claim dividend out of profit but are allowed to offset their investment. Entrepreneurs of social businesses are encouraged not to concentrate on personal gains, rather to explore some social goals (Yunus 2008).

Yunus (2008) proposed two possible types of social businesses. First, companies that focus on providing a social benefit rather than on maximizing profit for the owners and that are owned by investors who seek social benefits, such as poverty reduction, health care for the poor, social justice, global sustainability, and so on, seeking psychological, emotional, and spiritual satisfaction rather than financial reward. Second, profit-maximizing businesses that are owned by the poor or disadvantaged where the social benefit is derived from the fact that the dividends and equity growth produced by the profit-maximizing businesses will go to benefit the poor, thereby helping them to reduce their poverty or even escape it. The investors of both types of social businesses can recoup their invested capital, but no dividends can be taken out of profits, which distinguishes it from social enterprises.

The concept of sustainable development, on the other hand, is not new and has become a much-talked topic now-a-days. Sustainable development is a controversial issue which is often wrongly used as synonymous to sustainable growth. However, those are different in that growth is the quantitative uplift in physical scale while development denotes qualitative approach of measurement (Daly 1990). Development can be defined as the elimination of poverty, unemployment, and inequality (Iyigun 2015). Sustainability, on the other hand, is associated with satisfying an economy's or a society's needs for natural resources and at the same time, preserving those for generations (Luke 2013). Sustainable development in general means the economic growth which is compatible with environmental soundness (Sachs and Reid 2006). However, the definition provided by the World Commission on Environment and Development (WCED) has been regarded as the universal definition of sustainable development. WCED (UN Brundtland Report 1987) defined sustainable development as “the development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (P. 41). This

definition is concerned with two major factors: needs of the society and limitations of resources to meet those needs. Both socio-economic and environmental aspects are prioritized in this definition (Giddings et al. 2002). Still, perspective varies in the question of what is to be sustained (Redclift 2005). In fact, it encompasses a wide variety of issues including environment, life support system, culture, economy, people, and society (Kates et al. 2005). In the 2002 World Summit on Sustainable Development, environment, economy, and society have been marked as the three main pillars of sustainable development. Giddings et al. (2002) suggested that sustainable development can be achieved through fitting these three together in a balanced way though the environment has been given priority in the Agenda 21 of Rio conference while British Government has emphasized on economic growth. Technological aspect is also a considerable factor as it is inevitable to increased productivity (Daly 1990).

However, how to ensure sustainable development is still not clear and various authors attempted to put their own rationale in order to prioritize different aspects of sustainable development. Pearce (2014) described sustainable development as the economic development which is enduring in nature and suggested to focus on enhancing the standard of living including the lowest income group of the society. They considered education, health, and human freedom as the factors of standard of living. Kemp and Martens (2007), on the other hand, focused on wealth and health without violating and compromising the nature. They defined the three pillars from a different point of view: economy as job and wealth, environment as biodiversity and quality of environment, and society as health, education, and freedom. Most of the authors are unanimous that all those aspects of sustainable development are interconnected and have an influence on the others. Thus, poverty reduction is essential to ensure environmental soundness and vice versa (Sachs and Reid 2006). However, proper integration among the policies and strategies of the sectors is required to ensure sustainable development (Blanc 2015).

Sustainable Development Goals are a set of 17 goals set by the United Nations Organization to be achieved by 2030 which is formally known as “Transforming our World: the 2030 Agenda for Sustainable Development” or SDGs in short. This research intends to deal with first six goals of SDGs that fit best to the research purpose. Aydin (2015) has already suggested the Islamic economies to embrace the social business concept in order to ensure their sustainable development. This paper aims at addressing the following gaps:

- i. Examining the appropriateness and effectiveness of social business in the selected areas of SDGs.
- ii. **Sorting out the challenges in the implementation of social business idea in a less affluent country like Bangladesh.**
- iii. Finding a way for the effective implementation of the social business concept.

Proposed sustainable development goals of UNO:

Goals	Title
1	End poverty
2	Zero hunger
3	Good health and well-being
4	Quality education
5	Gender equality
6	Clean water and sanitation
7	Affordable, clean energy for all
8	Decent work for all and economic growth
9	Industry, innovation, and infrastructure
10	Reduced inequalities within and among countries
11	Sustainable cities and communities
12	Sustainable consumption and production
13	Climate action
14	Life below water
15	Life on land
16	Peace, justice, and strong institution
17	Global partnership for sustainable development

Source Report of the Inter-Agency and Expert Group on Sustainable Development Goal Indicators

12.3 Methodology

This study employed a qualitative research method using both primary and secondary data. Three case studies have been conducted on Grameen Danone Foods Ltd., Grameen Veolia Water Ltd. and Grameen Healthcare Service Ltd. In-depth interviews with a handful of social business experts have also been conducted for data collection. Following Braun and Clarke (2006), thematic (semantic) analysis approach has been used to analyze the obtained data. Nine themes have been selected and coded accordingly for the purpose of data analysis: (i) dimensions of social business; (ii) viability of the social business in developing countries; (iii) most potential area/s of social business application; (iv) goal-1: end poverty; (v) goal-2: zero hunger; (vi) goal- 3: good health and well being; (vii) goal-4: gender equality; (viii) goal-5: quality education; and (ix) goal-6: clean water and sanitation.

12.4 Findings and Discussion

i. Dimensions of social business

All the experts of social business who have been interviewed are unanimous about the features of social business. Those include the no-loss-no-dividend entity, that is, the investors are not supposed to claim any dividend out of company's profits; its social orientation in operating business function; and the reinvestment of company's profit for the improvement or expansion of the business.

It is a profit making business but personally no one is taking dividend or profit, and no one is getting benefitted unequally. Profit is reinvested for the expansion of business. (Dr. Asif Nazrul, University of Dhaka)

Social business is independent of the continuous inflow of donation or charity; rather it is an investment where the investors hold the full right to withdraw their invested fund. The earned profit is successively reinvested in the expansion of the current one or in a new social business venture.

ii. Viability of social business in developing countries

Experts share the similar thoughts in the question of the feasibility of social business for sustainable development. They opined that social business has high potential in achieving sustainable development of developing countries by means of decentralization of capital, participation of large number of people, specifically from the bottom of the pyramid, women empowerment, and supporting peoples' basic needs like clean water, basic medicine, or sanitation facilities. As evident,

I think social business can help achieving sustainable development. Because social business is a process in which you are generating employment opportunity as well as taking the initiative to solve a social problem. (Dr. ABM Shahidul Islam, University of Dhaka)

Thriving countries can be regarded as the hotspot of social business. Such countries are afflicted with a number of social problems that cannot be addressed permanently by the government and NGOs. Issues like unemployment, malnutrition, poverty, and social unrest can be minimized to a large extent if some large corporations engage themselves in social business instead of donating money occasionally. However, the business activities under the principle of social business are being conducted by only a few companies in developing countries. For example, in Bangladesh, only Grameen Group appears to be patronizing this concept. Following statement supports this outcome.

Yes. If big corporations invest into social business, decentralization of capital might ensure social sustainability. (Dr. Nazmul Hossain, University of Dhaka)

iii. Most potential area of social business application

In the question of the most potential area where the concept of social business can serve better, experts emphasized on poverty alleviation and creating employment

opportunity. Poverty is the root cause of many of the social problems like malnutrition, illiteracy, social unrest, etc. Employment opportunity is a factor that can lead to solve many other social problems. It helps to ensure poverty alleviation, good health, well-being, and social equality as well. One of the experts' opinions is as follows:

Unemployment, because every business creates some employment opportunities and employment opportunity assists to minimize various social problems. (Dr. Nazmul Hossain, University of Dhaka)

However, the data collected from case analyses also revealed that poverty eradication through participation and providing employment opportunity is one of the primary objectives of social business. Moreover, some critical factors like good health and women empowerment that are inevitable to the development of developing countries are also given priority.

iv. **SDG-1: End poverty**

Almost all of the participants agreed to opine that social business is capable of obtaining this goal. For the profit is reinvested and recycled over and over again for business expansion, it creates more employment opportunity which in turn helps reduce poverty.

Poverty alleviation can be solved very successfully with the help of social business concept. Because, in case of social business we invest money to make profit but we do not take that profit, rather the profit is reinvested. So, continuously there is an opportunity to create a new venture as a solution to social problems. (Dr. ABM Shahidul Islam, University of Dhaka)

However, one of the experts argued that social business cannot end poverty rather can help to reduce it by means of job creation.

No, it can't end poverty rather might help to reduce it. Because I believe, employment opportunity creates purchasing power and therefore reduces poverty which is the root cause of most social unrest. (Dr. Nazmul Hossain, University of Dhaka)

In accomplishing this goal, the social business might have to confront a few challenges. Being a newer concept remains the major challenge as still most of the people are unaware or partially known to the concept and yet to trust the concept. Moreover, most of the large corporations are indifferent of or unwilling to adopt this concept. In Bangladesh, Grameen Group seems to be the only company to adopt the theory.

v. **SDG-2: Zero hunger**

This study has identified the second goal of SDGs to be attainable and complementary to the fulfillment of the first goal. Zero hunger is likely to be ensured when lower rate of poverty and more employment opportunity prevail in a society. Following quotation supports this prediction:

Social business involves many people, generates income for them and includes a large number of people as secondary beneficiaries. In that way it contributes in achieving zero hunger goal. (Dr. Asif Nazrul, University of Dhaka)

Social business attempts to secure a fair distribution of wealth as a better and productive alternative of Corporate Social Responsibility. Profit generated by the social business is reinvested and passed to the beneficiaries which in turn contributes to reducing social and economic discrimination.

vi. **SDG- 3: Good health and well-being**

The mission statement of Grameen Danone is:

We believe inclusive businesses can help solve the world's greatest social challenges. That's why we want to alleviate malnutrition, make drinking water safe, and break the cycle of poverty where we operate.

Participants of the in-depth interview agreed that good health is a precondition for a nation to develop. It is also believed by the Grameen Group that malnutrition and unsafe drinking water are the root causes of most of the social problems. To address this specific social problem, Grameen Danone has introduced a yogurt enriched with vitamins, minerals, and essential micronutrients which is capable of providing 30% of a child's daily need. Grameen Health Care is also serving the objective of good health and well-being by means of providing affordable secondary and tertiary health care facilities to the poor. Lack of awareness of the people and lack of financial backup remain the main challenge in attaining this goal. However, this research found that this goal is also accessible.

vii. **SDG-4: Gender equality**

Almost all the experts unanimously opined that social business concept stands against all sorts of discriminations and bases its foundation upon the principle of equal opportunity for all. Since its inception, social business is playing a vital role in securing women empowerment by engaging them in the economic mainstream.

A strong in built principle of social business is the proper representation of human community in that business. (Dr. Asif Nazrul, University of Dhaka)

The "Grameen ladies," the micro-entrepreneurs and the basic sales force, are one of the target beneficiaries of the social business project. Shokti doi of Grameen Danone or water of Grameen Veolia is distributed mainly by these Grameen ladies. In a country like Bangladesh, it was not that easy to engage them in the economic activity. Conservative social ideology remains the main challenge in obtaining this goal.

viii. **SDG-5: Quality education**

This study has identified the goal of quality education feasible as part of the social business can evolve around providing quality education for the underprivileged segment of the society. It may or may not be formal education. It may take the form of informal education, a professional education, a vocational education, or any other specific types of education. Following statement supports this argument:

When social business talks about nontraditional business, for example, providing education, providing skill or providing training, it is also very much well connected to another goal of SDGs that is quality education. (Dr. Nazmul Hossain, University of Dhaka)

Quality education depends on a number of factors: proper educational environment, quality teacher, advanced technological support, etc. Getting people organized in such projects—in terms of mentoring, giving advice, providing initial fund, or nursing the project—is the main challenge that social business confronts in order to achieve this goal.

ix. **SDG-6: Clean water and sanitation**

Accomplishment of this goal has been considered possible as it is already tested and Grameen Veolia has been able to prove it a successful project. Around 100,000 beneficiaries of rural and urban areas including Dhaka city are being served by the project and it is expected to be expanded. The abundance of and easy access to natural water is the major threat to the project. Lack of awareness of the people is another challenge in ensuring safe water and sanitation facilities. Business honesty can help in obtaining this goal effectively.

One of the basic policies of social business is business honesty. Under this policy, if someone tries to supply drinking water, he/she must ensure that there is honesty in the service. So, he/she is not, for example, going to provide you with drinking water which is injurious to health. Dishonest activities are not part of social business objectives. (Dr. Asif Nazrul, University of Dhaka)

12.5 Case Study

12.5.1 *Grameen Danone*

Grameen Danone Foods Ltd. is the first social business enterprise in Bangladesh which was set off with a view to providing the malnourished rural children of Bangladesh with a number of key nutrients that they are deprived of. Grameen Danone is a 50:50 joint venture between the Groupe Danone (France) and the Grameen Group (Bangladesh). The proposal for this venture was made by Nobel laureate Dr. Muhammad Yunus, the founder of Grameen Bank, on his meeting with Franck Riboud, The Chief Executive Officer of Groupe Danone on October 12, 2005 in Paris. Franck Riboud agreed and accordingly ‘Grameen Danone Foods’ was founded in 2006. Commercial Production was started in January 2007. The objective was to maximize social impact by means of providing daily nutrition at an affordable price to the malnourished rural and urban children of Bangladesh and improving the lot of the poor through creating jobs and improving competencies. To fulfill this objective, Grameen Danone took the initiative to produce a yogurt named “Shokti Doi” or “Shokti +” (Energy yogurt/fortified yogurt) which contains protein, iron, calcium, zinc, vitamins, and other micronutrients.

First production plant was established in Betgari of Bagura District where a large number of people live below the poverty line. Key ingredients of this yogurt are cow’s milk, date molasses, and sugar which are good sources of calcium and protein that

ensure healthy growth and stronger bones. It also helps to minimize the duration and intensity of diarrhea. A single cup is able to meet 30% of the requirement of vitamin A, iron, zinc, and iodine of a child. Raw materials are sourced locally in order to reduce overall production cost and to improve the condition of local farmers. Some 475 farmers sell milk to Grameen Danone on a regular basis. Local labor force works at the production plant. Each cup is being sold at a price of BDT 10 in rural areas and urban slums and at BDT 12 in cities including Dhaka. Grameen Danone Foods uses two types of distribution system. First one is a network of “Grameen ladies”—trained micro-entrepreneurs who sell the yogurt door-to-door and make people aware of the nutritional facts. Currently, about 250 women are working as the “Grameen ladies.” Second one is small proximity stores that cover 80% of the total sales of Grameen Danone. At present, about 100,000 cups of yogurt are being sold on a daily basis. Though it is very expensive, the cold chain is strictly maintained throughout the distribution process. Grameen Danone has not yet been able to reach its break-even but expecting to by 2020.

Therefore, Grameen Danone is contributing to society not only by providing nutrition but also creating various employment opportunities for rural people including women.

12.5.2 Grameen Veolia

Grameen Veolia is the second social business venture of Dr. Yunus which aims to address one of the major social problems of Bangladesh—arsenic contamination. Though Bangladesh is blessed with the abundance of natural water supply, most of the underground water has been polluted with arsenic. According to WHO, around 43,000 people die each year from arsenic contamination. In 2010, the Health Effects of Arsenic Longitudinal Study (HEALS) counted that about 34–77 million people of Bangladesh are at risk of direct or indirect arsenic poisoning. To combat this issue, in April 2008, Dr. Muhammad Yunus, the founder of Grameen Group and the CEO of Veolia Water, Antoine Frerot established Grameen Veolia Water Ltd for providing the poorest segment of Bangladesh with safe drinking water at an affordable price. The two companies combined their forces and competencies on the basis of social business concept to provide a sustainable solution to the stated problem. It is jointly owned at parity by Grameen Health Care Services (a Grameen subsidiary for health and hygiene) and Veolia Water AMI (Veolia Water’s subsidiary for Africa, the Middle East, and the Indian subcontinent). For the project to be successful, Veolia is in charge of providing the technical know-how and technological support; and the local knowledge and network are provided by the Grameen Group.

The project was set up in some villages of Goalmari union and Padua union of Kumilla district, 50 km far from the capital city of Bangladesh. Those two unions consist of a group of villages with a population of about 40,000. Grameen Veolia chose this area for establishing the water treatment plant because 83% of the ground-water of this area is polluted with arsenic and river water is not fit for drinking due

to the disposal of waste and sewage. Water treatment equipment is manufactured locally with the help of “know-how” provided by Veolia. The first plant has been treating surface water drawn from Meghna river and then filtered twice with the help of a sand filter and an activated carbon filter. It is then chlorinated to comply with the WHO standard. The treated water then is delivered via a 13 km network of storage reservoirs and standpipes. Almost 100,000 beneficiaries are being served by this initiative. There are a number of taps at different points of the standpipes where the “Grameen ladies” are supposed to distribute the water at certain times of the day at the rate of BDT 2.5 (approximately US\$0.03) per 10 L. Villagers can collect up to 30 L per house per day including 10 L for drinking. Water is also transported by auto rickshaws with a comparatively higher cost. Households with higher disposable income can get a private connection. By 2010, the company became able to produce more than the local demand and decided to sell the additional amount in other areas including Dhaka city in order to increase profitability. This profit has been reinvested in infrastructural improvement like network extension and new tap points.

The project of Grameen Veolia is flourishing significantly and appears to serve the basic need of clean water at an affordable price successfully. Besides, it is contributing in alleviating poverty through generating income opportunity for rural women. Grameen Veolia is expected to spread its activity in more areas of Bangladesh.

12.5.3 Grameen Healthcare

Research found that sustainable poverty reduction is not possible without improving the health condition of the poor and ultra-poor. Research also shows that Bangladesh has a ratio of 0.5 doctors and 0.2 nurses per 1000 patient which is far less than the WHO standard of minimum 2.28 per 1000 (Hossain 2015). In 1993, Grameen Trust launched “Rural Health Program” project in order to provide primary health care services to the Grameen Bank members along with non-members with an emphasis on such special issues as family planning, maternal and child health, and reproductive health. Following the success of this project, Dr. Muhammad Yunus decided to create Grameen Healthcare Service (GHS) with a view to providing affordable secondary and tertiary healthcare services to the poor villagers. Accordingly, in 2006, GHS was registered under the Bangladesh Company Act 1994 with the vision of ensuring quality healthcare services for the rural people at an affordable cost. GHS is currently operating three sophisticated eye hospitals in Bagura, Barisal, and Thakurgaon in order to serve the poor and destitutes with affordable eye care services. Comprehensive eye examination services are provided by qualified ophthalmologist at the cost of BDT 100 (\$1.25) only at the hospital. Surgeries including cataract surgery are free of cost for the poor and destitutes but the well-off patients are supposed to pay a fee according to their desire and ability. Grameen Telecom Trust, Grameen Shakti, and Grameen Kalyan are the partners of GHS. GHS is already running on profit.

GHS is playing a role in ensuring the well-being of people not only by providing basic healthcare facilities, but also by providing professional healthcare training, awareness building, and conducting related research program.

12.6 Challenges

Social business is a relatively new concept and still in the development stage. As a result, the companies which have adopted social business concept face some challenges. This research identified some fundamental challenges that social business usually confront in the way of operating its functions. The first and foremost challenge is the ignorance and indifference of people about the concept. Unless they are aware of the concept, they will not feel interested in it. People need to be clear about the comparative advantage of social business over others. Fitting social objective, profit motive, and environmental aspect altogether in a balanced way has come out in this study as the most challenging issue for social business. Specifically, the social mission and the commercial sentiment contradict themselves. The case studies also revealed that reaching the break-even or running at profit seems arduous managing low cost, high quality, employee satisfaction, and other social issues.

Sustainable development of a country is not easy to quantify and therefore measuring the contribution of social business is even harder. Financial constraint is another major drawback as there is lack of investment except Grameen family and affiliates. Moreover, social business initiatives of Grameen Group are operated on the basis of mutual partnership with some giant multinational companies who provide financial and technological supports. Hence, local companies and small investors who do not have such backup, feel discouraged to invest in such projects. Appropriate legal policy is also important. Unless and until there is an administrative or legal backup, it is difficult to engage a large number of people. There should also be a governing body for monitoring business activities.

12.7 Conclusion and Direction for Future Research

Social business, despite some limitations and challenges, has been proved to be an effective and timely concept when most of the people all over the world are concerned about social and environmental sustainability along with the economic one. Social business ensures a balanced distribution of wealth through mobilizing the resources and enhancing the technical expertise of the underprivileged segment of the society. Unlike the profit-maximizing businesses, the basic principle of social business discourages the uneven competition for profit among the corporations. This, in turn, helps to ensure better quality and service. To obtain the highest efficiency and effectiveness of the concept, engagement of more organizations is required and more and more research is needed to identify potential sectors where the idea of social

business can be replicated. However, based on the case studies and in-depth interviews conducted, this paper suggests that social business can be a promising business arena for the investors who are not motivated for self-interest only rather prefer to see themselves as the responsible citizens of the society. This research proposes that social business can be a fruitful way of achieving sustainable development if the challenges and threats are carefully handled. Projects like Grameen Danone and Grameen Veolia are already contributing directly to income generation, employment opportunity creation, and poverty reduction. Grameen Healthcare is working for the well-being of the unprivileged segment by providing secondary and tertiary medical services at an affordable price. On the other hand, projects, for example, Grameen Shokti, Grameen Intel, Grammen Caledonian College, and some others are working to ensure well-being of the people, primary and specialized education, and environmental betterment. All these social business projects show that social business has high potential in the accomplishment of sustainable development goals as most of the Grameen affiliates are working successfully in some selective areas. However, no business or organization alone can ensure sustainable development, neither can the government. Each of them can contribute partially and social business has been found to be the significant one.

This study is not without limitations. First, this study has been conducted in Bangladesh—the country of origin of social business concept—which has been considered as the representative of developing countries. However, the status of development of all developing countries may not necessarily be the same. Therefore, the social business concept may not be equally applicable in all developing countries—which may limit the generalization of the findings of this study. Second, companies considered for this research are all affiliates of Grameen Group as they are the only prominent social business enterprises in Bangladesh—which might limit the justification of this research. Though more companies in Bangladesh are showing interest in the application of the social business concept, they are in their infancy stage of business planning, development, and implementation and therefore, limiting us to bring them into account. However, the growing popularity of the social business concept is attracting giant multinational corporations and raising their interest to apply this concept in their business, especially, targeting the underprivileged consumers of developing countries. To exemplify, sports shoe manufacturer “Adidas,” being inspired by Dr. Muhammad Yunus, launched the world’s cheapest shoe at a price of one dollar targeting only the poor and underprivileged customers of India (Nelson 2011).

This paper has examined the application of the social business concept based on the first six goals of SDGs applying qualitative method. Research can be conducted to identify the effectiveness of the application of social business in the accomplishment of remaining sustainable development goals. Therefore, further research is suggested to draw a final conclusion.

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Chapter 13

Institutional Social Responsibility in Higher Learning Institutions



Christo Joseph

Abstract Higher education institution plays a crucial role in society. They have garnered interest and generated various important discussions. The following research paper discusses the role of institutional social responsibility (ISR) in higher learning institutions. It gives a thorough literature discussion of the concepts of how higher learning institutions have impacted societies. Also, the research paper describes the various strategies that the higher institution should take in order to be accountable for their activities. Finally, there will be some recommendations of the best practices that the higher education institutions can implement in order to effectively conduct its operations and activities.

Keywords Institutional social responsibility (ISR) · Higher education · Students · Society

13.1 Introduction

Institutional social responsibility (ISR) is a very wide concept which is applied in various institutions (Vasilescu et al. 2010). The term institutional social responsibility makes various references to ethical and legal conducts of organizational operations in a community, environment and economic status. Higher learning institutions are responsible for the effects of these processes and activities to various groups of stakeholders, namely local communities, campus alumni, professors, staff and students. Higher learning institutions are the central point of social education and must, therefore, serve as the major body of ethical and social conduct by ensuring transparency in operating systems (Astin and Astin 2000). The institutions have a significant part to play in developing a better future because they in charge of promoting responsible practice and knowledge. Higher learning institutions are having an obligation of helping students to acquire competencies and skills that enable them to understand

C. Joseph (✉)
Garden City University, Bengaluru, India
e-mail: christo.joseph@gardencity.university

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the importance of sustainable practices and social responsibility (Shephard 2008). In the past few years, social challenges have led higher learning institutions to play a vital role in the society, and their actions are important in its development. Therefore, it is vital to rethink the universities roles and their objectives. It is essential to understand that institutional social responsibility represents a key subject worthy of study whose existence is justified from its intrinsic obligations to the society and public nature (Vasilescu et al. 2010). Therefore, the aim of the following research essay or paper is to study the concept of institutional social responsibility in higher education institutions, to discuss various strategies on the need of ISR in universities, the measures that the universities take in order to be accountable to its stakeholders and a recommendation of various practices carried out by different universities.

13.2 The Concept of Institutional Social Responsibility

Globally, ISR has become among the most crucial concepts in various institutes. It is now part and parcel of discussion about sustainability and competitiveness in the context of institution development. It is vital to understand that institutional social responsibility refers to the continuous commitment by institutions to conduct them in an ethical manner and contribute toward the socioeconomic development of the society at large (Vasilescu et al. 2010). It is important for higher learning institutions to function in a responsible manner. While delivering education, it is vital to increase the standards of accountability and transparency within the learning institution. Institutional social responsibility is comprised of various different factors which include promoting national and economic development, promoting the environment and ecological commitment for both the local and global sustainable development and strengthening active citizenship and community engagement (Shephard 2008). Encouraging universities stakeholders to participate in social activities and practices will act as a catalyst in expanding human knowledge via education and quality research.

It is thus crucial to identify the importance of institutional social responsibility in universities because, for several years, the ISR has increasingly become very important in higher educational institutions. The social responsibilities may be global, national or local, and there are therefore various reasons as to why the universities should embrace the ISR concepts. Universities that are actively involved in social activities tend to have a good and improved public image which makes most students be associated with such institutions. Having a good image means that even the activities carried out within the institutions are ethical and legal. ISR boosts the participation of every stakeholder who has a sense of belonging and understands that they are responsible and accountable for all the activities they carry out within and outside the institution. Having a sense of belonging makes one to only participate in practices that enhance both economic and social developments in the institution and the society as well (Shephard 2008). Such peoples have a self-driven purpose of participating in various development projects. Also, the ISR ensures that every activity

within the institution is carried out in a transparent manner by all the involved parties such as staff, professors or students hence having a low risk of corruption and bribery (Vasilescu et al. 2010). This has a significant impact on the overall development of the institutions as well as the society in large.

13.3 Implementation of Institutional Social Responsibility in Higher Learning Institutions

According to Shephard (2008), ISR can be implemented when the leaders of higher learning institutions encourage participation to the society and ethical behavior. The higher institutions stakeholders should play as the role models in various fields such as ethics, protection of a social environment among others. This can be achieved through conducting of various researches that generates social economic development, improving the health status of a society, pursuing environmental excellence, improving education, practicing resource conversation and actively participating in various community activities. The higher education institutions can also influence various institutes and organizations, whether public or private, in forming partnerships that address the social concerns and issues. It should be a norm to identify higher education institutions as the research organisations for social responsibility concepts. Therefore, they should ensure that all their activities benefit the society, communities and stakeholders. Higher learning institutions should thus play a vital role in promoting the ISR since they provide a strategy for promoting the sustainability and development of research, science and technology. However, this can only be achieved via the joint collaboration of universities, society and governments.

Governments can play a vital role in facilitating a university's effort in achieving social responsibility goals. For instance, governments can develop and pass policies and laws which help the higher learning institutions to establish plans for training undergraduates the importance of behaving in an ethical manner and be responsible persons in the society (Cortese 2003). These government measures are likely to influence the universities in following more extensive ethical procedures within and outside the institutions. This will make the institutions focus more on adapting socioeconomic activities that benefit everyone within the society (Vasilescu et al. 2010). Also, the government will help in encouraging universities to conduct various researches that enhance ISR by offering finances that cater to the research process. This means that both the university and government have common goals and interconnected sets of economic and social goals. This will, in turn, promote or stimulate societal development, growth and innovation.

Education is power and has been a significant criterion in the growth and development of a community. It is vital to understand that learning and acquiring knowledge is a crucial and continuous process, and it is made possible by the active collaboration of educational institutions, industry and people (Dugan and Komives 2007). Technologies are rapidly growing and hence changing the way people live. It is very

crucial to update skills of learning in the universities (Einfeld and Collins 2008). There is also the need for enhancing the way learning is delivered at various education institutions especially the universities. All activities carried within the higher institutions should be socially responsible to various stakeholders such as professors, students among others. Higher institutions represent a crucial body part of any community or society (Brennan and Naidoo 2008). Currently, universities are experiencing new environmental challenges which call for the need of being independent of state and government. The environment in which the education institutions function have various challenges that they face as defined by (Vasilescu et al. 2010) as diversification of financial resources, mass expansion of universities, commercialization among others. These changes and challenges are said to have great impacts on the academic setting, university autonomy, quality of education and its responsibilities toward a society. Therefore, this is a major highlight of the need for the adaptation of social responsibility by various higher learning institutions.

13.4 The Need for Institutional Social Responsibility in HEI

It is important to understand that universities that understand the concept and the importance of social responsibility tend to be effective in all its operations. Such institutions need to understand that they have an essential part to play in ensuring that its activities and processes benefit the society in which it is situated. The universities need to understand that it is directly connected to the development of society and the country at large (Bok and Bok 2009). It, therefore, puts in places various strategies and policies that the universities use to ensure that every stakeholder within the institutions is actively participating in the social and environmental development of the society. The success of an institution is measured if it has benefited the community in any way (Dugan and Komives 2010). The major bottom line as to why higher learning institutions should be socially responsible is because the model tends to positively affect the society, improves and promotes various developmental projects and encourages gender and social equality among all members (Astin and Astin 2000).

13.5 Strategies Used by Higher Education Institutions

There are various strategies of institutional social responsibilities which include ethical of the stakeholders by ensuring that they are treated fairly and in a respectful manner. This responsibility encourages all involved parties to treat each other in a professional way and avoiding discrimination. It is vital to understand that everyone is different in terms of sex, culture and ethnicity (Bok and Bok 2009). Universities are institutions that consist of many individuals from all over the world. It is therefore very vital for the management to foster ethical practices within the institution in order

to make the learning environment conducive for all. When all involved stakeholders act in an ethical manner, they are likely to focus on common goals which they will actively participate in ensuring that the economic and social goals are met (Jongbloed et al. 2008). However, this can only be achieved if the higher learning institutions incorporate the concept of ISR in the learning programs that will be used to teach and train students on how they need to behave within and outside the educational institution.

Another strategy of ISR is the philanthropic responsibility which basically means that everyone within the university should serve humanity. This part primarily focuses on paying attention to the welfare of the needy or underprivileged people within and outside the institution who require economic and social support. Higher learning institutions fulfill this role by being involved in various charity projects that donate resources, money and time to such people (Kirkness and Barnhardt 1991). The donations are commonly given to various cases which include national disaster relief, education programs in the undeveloped societies and countries, human rights, provision of clean water and food to the deserving individuals within a given community (Vasilescu et al. 2010). The universities have also the role of mobilizing the stakeholders to actively participate in such projects. It needs to make everyone understand the need for helping the needy in the community.

Environmental responsibility is another type or strategy of ISR. It mainly focuses on two major environmental areas, namely reducing greenhouses gases and limiting pollution. Higher learning institutions are bound to fulfill their economic obligation (Bok and Bok 2009). They should participate in various projects that create awareness of various environmental issues within the institution and the society at large. University management has the capability of mobilizing everyone to participate in activities that reduce environmental pollution. The institutions can conduct various learning and training projects that train every individual within the community in various ways they can participate in preserving or conserving the environment (Dugan and Komives 2010). They need to teach the community the importance of a clean and safe environment has on their lives. This will significantly impact on the overall environmental development of a given society.

Another strategy is referred to as economic responsibility. All economic activities within the higher education institution should abide by the set of ethical standards and moral regulations. This is an ethical responsibility that suggests that any institution have a role to play for the benefit of the community at large (Dugan and Komives 2010). The institutions should be only involved in legal economic activities as a way of generating profit. The institutions need to teach students about the importance of conducting transparency and ethical economic activities (Shriberg 2002). This will not only have an impact on the students but in society as well as the world at large. This type of ISR encourages all stakeholders to conduct all economic operations in a transparent way so that to build trust and honesty within the economic platforms of the universities.

Voluntarily hazard elimination is a strategy that incorporates the concept of social responsibility whereby the higher institutions take an action of voluntarily eliminating various production practices which can cause harm to people within the

educational institution and the public at large, for instance, elimination of dangerous drainage systems that can cause air, water and soil pollution that can, in turn, affect the health status of the people within the community (Bok and Bok 2009). This strategy mainly focuses on various ways that can be used to make the environment a better and safe place for everyone. Through various mobilizations, higher education institutions encourage people to only carry out activities that are of benefit to everyone. The institutions educate about the importance of caring for the environment.

Social education and awareness are another key strategies that most universities use to educate and train people on how they should engage in socially responsible manner making people feel appreciated and develops a sense of belonging (Dugan and Komives 2010). Most institutions have realized the need of involving the members of society in various projects that affect their social and economic environment. Therefore, the institutions tend to come up with various campaigns that are aimed at offering insightful ideas on how people should take responsibility of their actions and be accountable for their actions (Antonio et al. 2000). They make the society believe that they are also part of the institutions and should only involve in activities that benefit the society.

13.6 Measures Taken by Higher Learning Institutions for Their Accountability

Most higher learning institutions are normally engaged in ongoing and serious accountable appraisal with the significant dedication of time and resources. The institution's commitment to accountability is crucial and should also be taken into consideration (Shriberg 2002). If the leaning institutions can manage to be accountable for their activities and can satisfy stakeholder's social and economic needs, it is therefore vital to discuss various measures that universities can use in order to be accountable. It is crucial to note that accountability measures consist of three major factors which include educational outcome measurements, student engagement data or campus climate and consumer data (Dugan and Komives 2010). These measures provide crucial information that is used by stakeholder's to access learning process in universities. Transparency and honesty in collecting and presenting information are crucial. Most universities have realized that their major role is to develop and implement various accountability measures so as to provide assistance while trying to improve the learning outcomes for the students. All the accountability measures must be transparent and should only focus on the need for improving education value (Clugston and Calder 1999).

Consumer information is an accountability measure that mainly focusses on undergraduates and their parents. Both parents and their kids should be provided with information that seems to be helpful while comparing various universities and deciding on which institution meets their learning needs and wants. The information should include transfer rates, degree offerings, cost figures, employment facts and

fee structure among others (Shriberg 2002). Another measure is referred to as the campus learning climate which requires each institution to have the tools needed in ensuring that students are provided with a good learning environment. The last measure of accountability is the educational outcomes where students and professors accountability are measured using various strategies such as tests, exams and comparing the results with other universities (Lozano et al. 2013).

There are several groups that should be held accountable for all university activities. These are current students, prospective students and their parents; campus staff and funders and public policymakers of campus education (Thomas 2002). The impacts of university education tend to last forever, and it is crucial for students to choose the institutions that will have beneficial impacts on their lives. Both students and parents should have access to financial information that they need to understand while enrolling their kids to the institution. It is the role of the campus staff to promote learning by being accountable for their activities (Dugan and Komives 2010). The university staff needs to have information and feedback on various activities within the institution. The feedback is important as it provides information that indicates whether the school is carrying its activities in an effective way. University founders and policymakers need to have trust about how their resources will be implemented in various universities (Antonio et al. 2000). Their main goal is to see that the activities in the higher institutions are running smoothly.

However, it is crucial that the higher learning institutions may face various challenges while trying to be accountable some of which include failure from federal and state policies which are mainly designed to end universities access to grants and loans (Shriberg 2002). Most of the students who are key stakeholders tend to default these loans probably because they have no source of income due to high unemployment rates. Universities face various pressures which result in conflicting incentives which in turn makes it impossible for an individual to be accountable (Antonio et al. 2000). The state governments, therefore, require universities to meet specific standards.

There is a likelihood of policies being gamed. In most cases, it has been observed that various institutions tend to interfere with the system hence providing inaccurate information or data about the institution's performance (Dugan and Komives 2010). This means that the institutions operate in an ineffective way resulting in unaccountability. It is hard to tie the student's performance with the contribution of other stakeholders. Most universities encourage each and every member to play their role efficiently. It is therefore difficult to gauge the accountability of each stakeholder within the institutions.

13.7 The Importance of Higher Education in Today's Society

University education is a very important element in individual's lives. In most cases, it positively affects the lives of the people who achieve it. Through various studies, it is certain that the higher education has significant impacts of the society at large;

it is, therefore, the role of the government and the society to encourage students to work hard and achieve the university degree. Although education is not the only key to success, it is very vital to acquire it as it opens up so many opportunities that are intended for making someone's life better (Antonio et al. 2000). Higher education is mainly referred to as a great academic tool for day-to-day life. Societies that have well-learned people tend to live in harmony and relates to each other in a respectful way. Also, universities are major economic engines as they provide individuals with innovation and entrepreneurship skills. These skills not only benefit the individual but also the society at large (Shriberg 2002). The entrepreneurs tend to open up more job opportunities that employ qualified people from a certain society.

It is crucial to note that the major task of the institutional social responsibility in the university institutions is to contribute toward the social development as well as provide many young people with opportunities of acquiring quality high education so as to become competitive and qualified professionals in various fields or sectors. The competitiveness of these professionals should be able to accomplish the demands of the labor market. Previously, a degree certificate used to be the crucial component while seeking employment. However, due to technological changes, a university degree is not enough for one to be regarded as a professional graduate. In order to ensure that the professionals have all well-rounded skills, they need to have various concepts of social responsibility which they clearly understand. These skills will extend the productive information in the society (Bowen 2018). Hence, they will be able to work with other people, respecting their weaknesses, strengths and cultural diversities. Failure of having social responsibility skills may make it difficult for one to cope and work with others (Thomas 2002). They may not understand the importance of contributing to the environment and society development projects.

Higher institutions tend to change the face of a society because there are various developmental projects that take place in the universities. These projects are not only about expanding the institution but also opening up various social and physical spaces for the community. More, so universities are said to attract talents from all over the world and well as building international connections (Astin and Astin 2000). If these opportunities are well utilized by the local people, they can get economic and social connections that are likely to better their lives. Another major importance of HEI is that they address various societal challenges that surround communities which in turn improves the lives of people living in the given community (Shriberg 2002). Additionally, universities foster creativity that generates exciting artistic and intellectual scenes that are used by people within a society in learning various aspects of life.

Social responsibility into the university institutions has been hardly studied over the recent past; however, due to the social challenges the institutions are facing, most researchers have played a crucial role in studying the most effective drivers of institution social responsibility (Antonio et al. 2000). The ISR is mainly referred to as the policy of ethical performance in universities via effective and responsible management in the institution areas of research, university management, teaching and extension (Bowen 2018). ISR has developed a participative dialogue with communities that pursue sustainable development. In order to understand the ISR, it is

important to identify and consider the approaches that have been used to study ISR. The management approach has played an essential role as it has been used to study the effect of all campus activities that are accountable (Brammer et al. 2012). The second approach is the transformational approach which has influenced higher education institutions with various education debates on social issues with the help of institution tools such as training and research (Thomas 2002). Lastly is the normative approach which primarily refers institution dissemination of societal values through international and national networks.

It is thus crucial to understand the major drivers of ISR; drivers to responsible university staff include offering training programs to all the staff members. Training has been thought to have positive effects on the overall community and university development (Dugan and Komives 2007). Also, it is believed that training tends to have a beneficial influence on the attitude of researchers and academic staff. It is through training that the university is able to identify new talent from various staff members. Drivers to responsible management are the drivers that are related to the society's major activities while employing transparency (Shriberg 2002). A responsible and effective management is one that encourages communication among all stakeholders. Communication is a key strategy for the success of any institution in the world. It is the role of the management to meet environmental and social obligations as well as promote gender equality (D'Andrea and Gosling 2005).

Additionally, there are drivers that are responsible for research and are primarily related to the ethical manner to research and produce crucial information to the society. The research is mostly conducted to help the community in solving their problems (Maurrasse 2002). Academic training has also various drivers that are responsible for developing responsible competences and capabilities among university students. It is the role of the university to formulate various environmental and social behaviors among the students and also stimulate them to be accountable for their actions. The last drivers of institutional social responsibility are a social development which includes the activities that universities implement in developing an incredible society (Thomas 2002). These activities include participation of all stakeholders in development practices and projects. In summation, it's necessary to note that all the above-mentioned drivers are an example of activities that the higher education institutions implement so as to meet the needs of all members within the institution.

13.8 Recommendations

There are various ways or strategies that the universities can use or adopt within their educational institutions. These include modernization and scaling up of the higher education system (Dugan and Komives 2007). The world is rapidly changing and so do all the institutions within it. It is important for the university systems to adapt to various technological changes that they will easily adapt to in order to bring about modernization in all education processes and activities. Failure to keep with

the modern changes means that the institution will not be able to meet the current academic needs of the campus pupils who are in the technological world. It is crucial for the institutions to also keep up with the current changes in the syllabus in order to scale up the performance of the students (Maurrasse 2002). Still, in the technological advancement, it is recommended that the universities promote innovative activities through networks which will allow staff exchange, sharing of good practices and fostering reflective learning.

Another recommendation is to strengthen regional and community cooperation through various integration strategies which are primarily supported by funding schemes and aggregated objectives (D'Andrea and Gosling 2005). This is a strategy that is more likely to foster regional and community cooperation and development.

Strengthen management, leadership and governance in the universities. It is recommended that all these systems should strive to work together and support each other. This will have a great impact on the overall performance of the universities which will, in turn, benefit the society at large (Thomas 2002). The top management should always act like responsible leaders who carry with them the social and environmental responsibilities in a way that students will learn from them.

Increasing the mobility of students and staff across society and regions is another recommended strategy. The aim of this recommendation is to deepen and strengthen collaboration between institutions and countries for the major purpose of sharing and developing academic capabilities made resources through various social programs (Shriberg 2002).

Encourage all the stakeholders to have a self-driven force in carrying out community development projects. It is vital to understand that people who are motivated and self-driven tend to achieve more, unlike the unmotivated individuals who are forced to do everything. Self-motivated people are likely to only engage in activities that are productive and of benefit to the overall society (Thomas 2002). Therefore, institution management needs to use their time and resources and educate all people within the society the benefits of carrying out activities that benefit them as a community.

13.9 Conclusion

To sum it up, it is evident that university institutions have a crucial role to play in the development of a community. University institutions benefit a society in various ways which include acting as economic engines that promote various economic activities, attracting talents from people within a society hence fostering creativity, they help in addressing societal challenges, improving the lives of people among others. Institutional social responsibility has also played a vital part in promoting a society. Higher learning institutions are the central point of knowledge and must, therefore, serve as the major model of ethical and social behavior. Through these facilities, students learn various ways of behaving in an ethical manner. Institutional social responsibility within the higher learning institutions enables and facilities both students and staff to actively participate in community development activities, promote peace

and gender equality in the society. From the above discussion, it is well stated that students, university staff members, professors and parents are the major stakeholders of the higher learning institutions. All the stakeholders need to be accountable for their actions so as to foster honesty, trust and transparency among them.

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Chapter 14

Storytelling and Corporate Social Responsibility Reporting: A Review of BHP 1992–2017



Merryn Paynter, Abdel Halabi and Jackie Tuck

Abstract The aim of this study is to critically examine the development of corporate social responsibility (CSR) reporting through storytelling and institutionalism to understand how BHP Billiton Ltd. (BHP) has shaped stakeholders' sensemaking of CSR and its CSR performance. To explore this, the study focuses on how the narrative themes in CSR reports by BHP corroborate with newspaper articles published by the Sydney Morning Herald (SMH) from 1992 until 2017. Results have identified instances where BHP used CSR storytelling to manage negative impressions of its CSR conduct, restore trust and re-establish legitimacy. This reinforces literature that identifies how companies use organisational storytelling to shape stakeholders understanding of social responsibility and manage impressions about CSR conduct.

Keywords Corporate social responsibility · Sustainability reports · Organisational storytelling theory · Institutionalism · Impressions management · Mining · BHP

14.1 Introduction

This paper provides a critical review of how BHP Billiton Ltd. (BHP) used storytelling in its financial reports to inform stakeholders about its CSR performance and to shape stakeholders' sensemaking of CSR. Organisational storytelling can be a powerful communication strategy tool because plausible stories can lead to stakeholders being more receptive to new information and understandings (Weick et al. 2005; Adamson et al. 2006). Institutional and competitive pressures have led many companies to now publish sustainability reports alongside traditional annual financial reports in an attempt to validate their organisational legitimacy. Failure to achieve this can result in the firm losing its social licence to operate (Dowling and Pfeffer 1975). These sustainability reports contain information about how companies are addressing both their environmental and societal obligations.

M. Paynter (✉) · A. Halabi · J. Tuck
Federation University Australia, Brisbane, Australia
e-mail: m.paynter@federation.edu.au

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Corporate social responsibility (CSR) encourages organisations to engage in behaviours and policies that make positive contributions to society, while minimising any harm to the environment and/or social welfare caused by business activities. Traditionally, the definition of CSR was limited to voluntary initiatives (McWilliams et al. 2006) and firms CSR disclosures were not mandated (Milne and Adler 1999); however, following a number of environmental and social scandals and disasters caused by firms over the last two decades, many countries have subsequently introduced statutory requirements that have regulated some elements of CSR and CSR reporting (Milne and Gray 2013). Despite these, many aspects of an organisation's CSR are discretionary and incorporate a wide array of environmental, social and governance issues that differ between organisations and industries (Baddache and Nicolai 2013). Consequently, the CSR obligations for a mining company, for example, are different to those of a banking company.

Another notable characteristic of CSR and what it entails is continually evolving. This is because mutual understandings of CSR are established through shared sense-making, negotiation and interpretation by the firm and its stakeholders (Nijhof and Jeruissen 2006). When companies publish CSR reports, they are seeking to influence how stakeholders interpret CSR and the companies' CSR performance, and one way that companies try to achieve this is through storytelling.

To explore how BHP used storytelling in reports to inform stakeholders, a content analysis of historical CSR narratives published in annual and stand-alone reports between 1992 and 2017 was conducted. A similar analysis was made of the CSR narratives published about BHP in the Sydney Morning Herald (SMH) from 1 July 1992 until 30 June 2017. The media may be regarded as a powerful stakeholder with its own agenda, as acknowledged by media agenda-setting theory. For this research, SMH articles were only regarded as commentary to substantiate the stories being told by BHP.

The analysis of reports and newspaper articles commences in 1992, the year of the United Nations Conference on Environment and Development, otherwise known as 'Earth Summit' in Rio de Janeiro. At this conference, 178 countries signed the 'Agenda 21' declaration which called for governments to encourage firms:

To provide relevant environmental information through transparent reporting to shareholders, creditors, employees, governmental authorities, consumers and the public; and to develop and implement methods and rules for accounting for sustaining development. (United Nations 1992, p. 74)

This paper is structured as follows. Section two provides an overview of the literature including information about BHP, storytelling theory, CSR reporting and sensemaking, and institutionalism. This overview is necessary to understand how corporate storytelling can be used to influence stakeholders understanding of CSR and BHP's CSR performance. Section three outlines the methodology explaining how CSR reporting information and newspaper articles were collated and how narratives were identified and classified into themes. Section four then discusses the results and the final section puts forward concluding comments and suggests further research.

14.2 Literature

14.2.1 *BHP Billiton Ltd.*

BHP is a dual-listed multinational mining and materials handling company that was first established in Broken Hill Australia in 1885 (Guthrie and Parker 1989). BHP is Australia's largest, and oldest mining company owning more than \$US62 billion net assets, and during 2016–17, earned \$US11 billion operating profit (BHP Annual Report 2017, p. 68). BHP extracts, transports and processes natural resources, including iron ore, petroleum, copper, coal and potash from mines that it owns and operates from a number of sites in Australia, Europe, Asia and the Americas.

As a mining and materials handling company, BHP is likely to experience more stakeholder challenges to its social licence than companies in other industries (Dowling and Pfeffer 1975; Jenkins and Yakovleva 2006). Mining typically involves the extraction of raw materials from the ground, or under a sea, or ocean before being processed, and transported elsewhere. Mining activities can generate substantial quantities of waste including tailings waste, and its operations may use vast quantities of potable water which may compete with the needs of local communities (Jenkins and Yakovleva 2006; Bice 2014). While mining activities may benefit local economies through wealth creation, employment and infrastructure, they can negatively impact surrounding communities (Bice 2014). These negative effects may be derived from a range of sources, including noise and odours, and interference with indigenous communities and cultures.

In recent decades, large mining companies have contributed to numerous high profile environmental and social catastrophes that have attracted widespread condemnation.¹ In addition, community-wide awareness about global issues including climate change, human rights coinciding with the growth of social media has increased scrutiny towards companies for environmental and social conduct (Colleoni 2013; Pollach 2014).² Despite this, BHP has had made many positive contributions to communities and had sought to be recognised as the world leader for best practice in mining, and materials handling (BHP Annual Report 2017). These legitimacy concerns and a desire to communicate with stakeholders about positive CSR performance may partially explain why BHP has published CSR-related narratives in its annual reports since its foundation in 1885 (Guthrie and Parker 1989; Deegan et al. 2002).

¹The Samarco tailings dam collapse in Brazil in November 2015 is one example.

²This has been evident in activists' recent opposition to the expansion of coal mining in Queensland by Indian company, Adani (Ludlow 2018).

14.2.2 *Organisational Storytelling*

Organisational storytelling is defined as ‘collective storytelling in which the performance of stories is a key part of members’ sensemaking and a means to allow them to supplement individual memories with institutional memory’ (Boje 2008, p. 4). Sensemaking refers to the ongoing retrospective cognitive process where people give meaning and interpret new information, events and actions (Weick 1995). Within organisations, sensemaking occurs when a new temporal event is recognised by organisational members (Weick et al. 2005) after which, members construct stories that question the event’s meaning, its context, and likely outcomes to help them determine a course of action, or strategy.

Organisational storytelling has been applied to different areas of organisational research, not limited to: strategy and leadership (Barry and Elmes 1997); knowledge and learning (Brown and Duguid 2000; Dalkir and Wiseman 2004); and organisational change (Boje 1991, 1995; Weick 1995; Rhodes and Brown 2005; Boje et al. 2016). Organisational storytelling is also considered to be an effective tool for leading others, building trust and implementing strategic change (Barry and Elmes 1997; Ericson 2010; Auvinen et al. 2013). In the context of organisational storytelling, trust may be defined as ‘the follower’s belief in a leader’s ability, benevolence and integrity’ (Auvinen et al. 2013, p. 500); however, the notion of trust at the organisational level can be influenced by the firms’ reputation and past conduct.

Trust is a critical element of CSR reporting as the trustworthiness of corporations, and the plausibility of CSR reporting has been focal point in the literature. For instance, CSR reporting has been dismissed by some as being an exercise in obfuscation (Aras and Crowther 2009), and as intentionally misleading (Gray 2010), inferring that companies are driven more by concerns relating to legitimacy, stakeholder management and masking conflict than by a desire to become more transparent and accountable.

One way that organisations can establish favourable impressions, trust and maintain legitimacy is by using symbolic communications such as narratives and stories to convey meanings that influence how organisational members and stakeholders conceptualise and make sense of the organisation—a process referred to as ‘sensegiving’. Sensegiving is the process where a manager provides a revised conception of the organisation in a bid to influence the sensemaking of others (Gioia and Chittipeddi 1991).

While some theorists consider narratives and stories to be synonymous, this view is not widely shared. Bakhtin (1981), Boje (1991, 2008) and Rhodes and Brown (2005) consider narratives and stories to be separate constructs. Narratives are created when events are structured into causally related episodes to form a meaningful whole (Czarniawska 1997; Rosile et al. 2013), while stories are ‘spoken or written accounts of connected events’, or episodes which are emplotted by readers (Boje et al. 2016, p. 392).

Many social constructivists and narrativists consider all organisations to be socially constructed systems where multiple interlinked realities are created and recreated

through symbolic communications (Rhodes and Brown 2005). This study however adopts a dualistic approach to incorporating critical theory elements to evaluate how isomorphic influences, namely coercive, mimetic, and normative pressures, as well as leadership changes have influenced CSR storytelling. Evidence of other multi-disciplinary approaches can be found in studies on company reports, particularly in the context of post-crisis inquiry reports (Brown 2005; Boudes and Larouch 2009), and the use of company reports as rhetorical devices (Brown 2006).

Storytelling and sensemaking theories have been applied to CSR reporting. An empirical study by Higgins et al. (2014) assessed the attributional motives of business managers of ASX50 companies for publishing integrated CSR reports. Another contribution analysed CSR storytelling by six oil company websites (Du and Vieira 2012) to establish how the oil companies overcame stakeholder scepticism.

Examples of another relevant contributions were reported in Brennan, Merkle-Davies and Beelitz (2013)'s review of the organisational storytelling of sportswear/fashion firms in response to their inter-party interactions with Greenpeace. This illustrative case study investigated press releases published by each of the two organisations to analyse strategic aspects of their dialogisms following accusations by Greenpeace that manufacturing processes in the fashion industry had caused severe water pollution in China. The dialogism occurs when people with different rationalities interact (Boje 2008), this can occur monologically, such as when CEO speaks for shareholders, or as a polyphony, or many voices.

Another insight into organisational storytelling and sensemaking was Brown (2005)'s deconstruction of various stakeholders' reports following the collapse of Barings Bank in 1995. Barings Bank failed following trading losses amounting to £830 million that had been accrued by fraudulent trading activities. Brown (2005) noted that banking industry regulators from the Bank of England as well as Barings executive managers attributed the blame of the banks failing on the protagonist Leeson, and used storytelling to steer responsibility away from the bank's governance failures. Although this discussion does not focus on CSR crisis communications, these contributions provide valuable theoretical insights into how other organisations have strategically responded to significant events and the implications that these influences can have on CSR reporting, organisational storytelling and sensemaking.

Despite these instances, there are very few examples of theoretical structures available in the literature for analysing the development of organisational storytelling in CSR reports and CSR communications. One exception is a three-dimensional theoretical structure developed by Wehmeier and Schultz (2011) to analyse organisational stories into fundamentalist, constructivist and deconstructionist perspectives including neo-institutionalism isomorphisms.

14.2.3 Functionalist, Constructivist and Deconstructionist Perspectives

The *functionalist* perspective considers storytelling as a strategic tool, to create a new image and stabilise the organisation. CSR stories are often moralistic and corporations create their own stories to construct an image (Wehmeier and Schultz 2011). Moral CSR communications are frequently used when a company needs to repair its image following a crisis situation. In such circumstances, stories are designed to convince stakeholders that the organisation is willing to accept responsibility for its activities and their consequences (Wehmeier and Schultz 2011). This perspective is therefore useful for providing an explanation for BHP's CSR story developments following a crisis.

The *constructivist* perspective considers stories to be part of the narrative construction of reality. The constructivist perspective considers how multiple realities can lead to the institutionalisation of CSR in society, but not necessarily higher corporate legitimacy. This perspective draws upon institutional theory to explain why stories among organisations that belong to the same organisational field or industry converge to eventually become homogenous (Bondy et al. 2012). It achieves this by analysing the isomorphic influences that affect the translation and understanding of CSR by organisational leaders within the firm as well as external stakeholders, and considering how these influences have affected organisational storytelling. Therefore, isomorphic influences help to explain the interplay of different stories on BHP's CSR story construction.

There are two types of isomorphism, namely competitive and institutional isomorphic pressures (DiMaggio and Powell 1983). Competitive isomorphism is considered to be derived from the organisation's desire to compete against opponents. Institutional isomorphism is derived from three distinct pressures being; coercive pressures originating from the organisation's stakeholders; mimetic isomorphism is the firm's response to uncertainty when it copies other organisations that it perceives to be exhibiting 'best practices' in that field; and normative isomorphism which is believed to originate from professionalisation.

The *deconstructionist* perspective critically analyses the functionalist story, recognising stories can be constructed by companies to strengthen corporate reputation, manage impressions and promote CSR performance. Corporate reputation is defined as 'a general organisational attribute that reflects the extent to which external stakeholders see the firm as 'good' and not 'bad' (Roberts and Dowling 2002, p. 1078), and companies that fail to maintain a 'good' reputation risk losing legitimacy (Adams 2008). Impressions management occurs when the company's image is negotiated between the organisation and its audience (Bansal and Kistruck 2006). Impressions management strategies can serve different purposes. Managers, for example, may choose to incorporate CSR into company reports as a way to convey information to the market about company value, which could be influenced by knowledge about the firms' social and environmental risks, governance structures and their own competence (Morris 1987). Impressions management is self-serving because it defines

situations to the company's own advantage (Aerts 2005) and is evident in the changing use of CSR reporting language over time, most notably in relation to the use of terms such as 'sustainability', 'social responsibility' and 'environmental management' (Tregidga and Milne 2006; Gray 2010).

The effects of self-attributional behaviour on organisational storytelling and impressions management have also been explored. Salancik and Meindl (1984) found that there was a tendency for managers to manipulate causal attributions by managing impressions and claiming responsibility for positive outcomes. Salancik and Meindl (1984) viewed this as being a risky approach as managers' positions can become politically unviable when stakeholders withdraw support following a negative outcome, even if it is beyond the managers' control. Aerts (2005) explored similar themes in a review of self-serving attributional tendencies used in annual report narratives. Aerts (2005) scrutinised attributional statements made in Belgian companies' annual reports (including entitlements, enhancements, excuses, denials and justifications) and determined that they were being used to manage impressions and create positive impressions of the company. However, they reflected that such biased reasoning patterns would lead to impaired decision-making and poor strategic responses. These examples highlight why organisational storytellers need to exercise caution in selecting the most appropriate story type, and ensuring that it is not too explicit.

Companies such as BHP that belong to industries that are considered to have a high environmental impact, or were socially controversial, have been the focal point of other empirical studies conducted on CSR reporting disclosures and organisational legitimacy. For instance, a contribution by Kilian and Hennigs (2014) compared CSR reporting strategies of highly controversial industries with those belonging to industries that were considered more benign. Meanwhile, Neu et al. (1998) reviewed environmental disclosures in annual reports published by Canadian mineral extraction, forestry, oil and gas, and chemical industries from 1982 to 1991. In this instance, the authors sought to identify the external pressures influencing firms to make environmental disclosures, as well as explore the strategies and characteristics of the disclosures. They accused these industries of using the reports to highlight positive environmental impact stories and to obfuscate negative stories.

BHP's CSR reports have been reviewed for the purpose of testing legitimacy theory. Guthrie and Parker (1989) conducted an appraisal of 100 years of historic disclosures made in BHP's annual reports from 1883 until 1983 to determine whether a link could be established between CSR-related disclosures and corporate actions. Guthrie and Parker (1989) quantitatively measured the physical page coverage of CSR-related content and compared results against the timing of all major events and issues to test and in this instance, disproved legitimacy theory. In 2002, Deegan et al. (2002) revisited Guthrie and Parker's (1989) study, instead of using the extent of media attention as a measure against CSR-related disclosures between 1983 and 1997 to support legitimacy theory. Despite the references to BHP, as well as the considerable length of the longitudinal time periods reviewed, neither contribution sought to ascertain the meaning of the narrative content within each annual report.

Consequently, Wehmeier and Schultz (2011)'s theoretical structure is being used to explore the following three research questions,

- (1) How have significant events influenced the development of BHP's CSR organisational storytelling?
- (2) How have competitive and institutional pressures influenced the development of BHP's CSR organisational storytelling?
- (3) Is there evidence of BHP using stories to shape stakeholders' sensemaking of CSR and its CSR performance and manage impressions through storytelling?

Unlike many earlier studies, this research considers CSR reporting content from firms' annual reports as well as stand-alone sustainability reports and any integrated annual reviews/sustainability reports, rather than solely from stand-alone sustainability reports (see: Klettner et al. 2013; Higgins et al. 2015; Shabana et al. 2016). By including annual reports as well as sustainability reports, this study is able to explore stories and narratives in CSR reporting more comprehensively.

14.3 Methodology

This narrative analysis of storytelling in BHP's CSR reports uses a social constructivist approach that involved an interpretivist orientation (Gergen 1985; Nijhof and Jeruissen 2006; Bell, Bryman and Harley 2018). Social constructivism seeks to understand how social processes in organisations including understanding language and written texts (Gergen 1985; Krippendorff 2018). Meanwhile, an interpretivist approach focuses on obtaining a 'meaningful understanding of the actors' 'frame of reference' (Heracleous in Putnam et al. 2004, p. 175). Max Weber referred to this as *verstehen* (Gray et al. 2016).

Using this approach, all relevant narratives that were reported in BHP's annual reports and stand-alone reports from 1992 onwards as well as newspaper articles published in the SMH from 1 July 1992 were classified into themes using NVivo software before being exported to Microsoft Excel for further analysis. Themes were identified manually, but were also extracted using NVivo's query tools, where narratives were identified using themed search terms. Furthermore, any narratives that were considered to be examples of BHP's strategy to directly influence other organisations' were also identified and coded into themes. A thematic content analysis of narratives is a 'research technique for making replicable and valid inferences from data to their context' (Krippendorff 2018, p. 18). This approach was preferable because it allowed for the construction of meanings of BHP's CSR report narratives, as well as to establish how narratives and meanings have changed.

For this review, narratives were classified into two themes. The first identified narratives that were considered relevant to BHP's CSR storytelling, while the second were narratives that represented 'significant events'. Here significant events are described as 'disturbances to the initial equilibrium' originating from external events

such as a takeover, or financial crisis ‘and/or changes in the company’s business model’ (Beattie 2014, p. 117).³

Following the classification of narratives into themes, BHP’s stories were then analysed according to three storytelling perspectives: functionalist, deconstructivist and constructivist (Wehmeier and Schultz 2011). The functionalist perspective of storytelling examined BHP’s storytelling in response to five major crises faced by the company between 1992 and 2017. These five crises were selected because they each represented significant temporal episodes in BHP’s CSR story. This means that each crisis elicited a substantial change in BHP’s CSR storytelling following each event. The deconstructivist perspective was used to critically analyse BHP’s storytelling by highlighting incongruences between BHP’s CSR reports and its activities. Finally, the constructivist perspective considers the neo-institutional macro-level competitive and institutional isomorphic pressures, as well as meso-level influences that have affected BHP’s storytelling development.

14.4 Results and Discussion

14.4.1 *Functionalism*

The functionalist perspective perceives storytelling as a strategic instrument. Functionalist stories are often used strategically to create new images, and stabilisation the organisation; consequently, functionalist stories are often used following a significant event such as major organisational change or a crisis. Functionalist stories are therefore useful for finding answers to the first research question, ‘How have significant events influenced the development of BHP’s CSR organisational storytelling?’ A review of CSR themed narratives published in conjunction with five of BHP’s most significant events reveals some of the functionalist storytelling strategies used by BHP. Table 14.1 shows the number of significant event narratives reported by BHP’s corporate annual reports and the SMH in each of the reporting years.

Analysis of Table 14.1 shows that the SMH has generally published more narratives about significant events. However, in some cases more significant events have been published through BHP’s sustainability reports.

14.4.1.1 **Ok Tedi**

The first significant event occurred prior to the duration of this study, in 1984 when Ok Tedi tailings dam collapses on the Fly River in Papua New Guinea. BHP and the SMH continued to publish narratives about its repercussions until 2009. Many

³A significant event represented an event or circumstance that had the potential to influence the development of BHP’s CSR storytelling, for example, the global financial crisis (hereafter referred to as the ‘GFC’), an environmental and/or social disaster or a change in executive leadership.

Table 14.1 Total number of significant events occurring between 1992/93 and 2016/17

Reporting year	Corporate annual reports	SMH
1992/93	5	2
1993/94	8	10
1994/95	2	6
1995/96	10	12
1996/97	9	84
1997/98	21	98
1998/99	10	75
1999/00	5	68
2000/01	7	50
2001/02	7	16
2002/03	10	14
2003/04	7	8
2004/05	14	34
2005/06	14	42
2006/07	14	12
2007/08	13	18
2008/09	14	20
2009/10	10	34
2010/11	14	16
2011/12	8	8
2012/13	16	20
2013/14	11	8
2014/15	10	6
2015/16	11	68
2016/17	13	22

of these were reactive. BHP continued to fund a number of community support and infrastructure projects in the Lower Ok Tedi/Fly River region in Papua New Guinea (PNG) as a compensatory gesture. For example:

In Papua New Guinea, the Government has proposed a benefits package to extend economic and social benefits from the Ok Tedi mine for people living along the Ok Tedi and Fly Rivers. (BHP Annual Report 1995, p. 71)

In its second stand-alone environment report, BHP published a case study, titled ‘Community and Environment Action at Ok Tedi’ (BHP Environment Report 1998). This was accompanied by a pictorial image of medical health services being received by children provided a description of how community support is being delivered through the Lower Ok Tedi/Fly River Development Trust established by BHP. This positive imagery is somewhat controverted by critical observations made by the

SMH regarding BHP's response to OK Tedi. For example, in September 1995, the newspaper reported an admission by BHP's Managing Director that BHP hadn't responded to OK Tedi disaster appropriately. This admission followed a ruling by the Supreme Court of Victoria that had found BHP to be in contempt of court for attempting to coerce the PNG government to draft legislation that prevented affected landowners from being filing a class action against the company (Hextall 1995, p. 23).

14.4.1.2 Operating Loss, and Asian Economic Crisis

Table 14.1 shows the greatest number of significant event narratives were reported by BHP and the SMH in 1997/98. This was partially caused by BHP's operating loss in 1999 of \$1400 million (USD) (after depreciation and interest but before income tax) and poor business performance (attributed to the cumulative effects of poor commodity demand from Asia) following the Asian Economic Crisis (1997–98). BHP attributed its operational loss to the slowing of demand for raw commodities following the Asian Economic Crisis, rather than poor managerial decision making (BHP Annual Report 1998). Initially, this significant event provided an example of self-serving attribution behaviour (Aerts 2005) because the operating loss was attributed to an external event, 'the Asian Economic Crisis' rather than internal causes, namely, poor managerial decision making. However, eventually both the Managing Director and Chair resigned during the 1998/99 reporting year.

14.4.1.3 Global Financial Crisis (GFC)

BHP described the GFC as being the 'worst business environment the world had faced in 60 years' (BHP Annual Report 2009, p. 4). As an indication of the importance of the GFC to BHP, the company continued to publish narratives about its impact on its operations and the world economy in annual reports until 2014. The GFC did not change the number of significant event narratives reported by BHP as shown in Table 14.1; however, it did account for the increase in the number of SMH significant event-themed articles published from 12 during 2006/07 to 34 in 2009/10. The effects of the GFC on BHP's business were heightened by the slowing of the Chinese economy, which also resulted in reduced demand and lower prices for commodities.

In BHP's 2009 Annual Report, the Chairman's letters highlighted the strength of BHP's business profitability and the stability of the firm following the GFC, while also drawing attention to its environmental management and community engagements initiatives.

BHP Billiton's strategy has served us well during these volatile times. Since the merger of BHP and Billiton in 2001, we have focused on a few key fundamentals. These include owning and operating large, low-cost, long-life tier one assets; a commitment to a solid 'A' credit rating; a deep inventory of growth projects; and working hard to be leaders in safety, environmental management and community engagement. (BHP Annual Report 2009, p. 4)

BHP consistently reported that it contributed one per cent of its pre-tax profits towards community contributions. For example, in BHP's 2010 Sustainability Report, the CEO reported:

Despite the global financial crisis, we maintained our commitment to contribute one per cent of our pre-tax profit, on a three-year rolling average, to community programs. In FY2010 this totalled \$200.5 million, including an \$80 million payment to our UK charitable company, BHP Billiton sustainable Communities. (BHP Sustainability Report 2010)

14.4.1.4 2008 Beijing Olympics Corruption Investigation

In 2013, BHP was the subject of an investigation by the US Securities and Exchange Commission, as well the Australian Federal Police for allegations of corrupt behaviour. These related to interactions with government officials, the termination of exploration and development efforts, and hospitality provided by the company as part of its sponsorship of the 2008 Beijing Olympics.

When this investigation concluded in 2015, no charges were laid although BHP still incurred a US\$25 million civil penalty for failing to 'satisfy the civil books and records and internal accounting controls requirements of the FCPA⁴' (BHP Sustainability Report 2015, p. 12). The impact of this on BHP's storytelling was that from 2013 onwards, BHP published more comprehensive narratives about its anti-corruption governance policies and measures than it had in previous years. For instance, in 2007, BHP briefly stated that:

Our Guide to Business Conduct sets a zero tolerance on bribery and corruption and requires all employees to comply with all applicable anti-corruption laws and regulations. (BHP Sustainability Report 2007, p. 73)

Moreover, BHP's 2007 Annual Report simply identified bribery and corruption as a risk that may be prevalent in some of the countries that it operated that may have a negative effect on its operations, as well as its 'overall operating results and financial condition' (BHP Annual Report 2007, p. 10).

In contrast to this, in 2014, BHP provided the following more detailed account of its anti-corruption corporate governance measures:

Our Anti-corruption Group Level Document and Code of Business Conduct prohibit bribery and corruption in all our business dealings regardless of the country or culture within which our people work. Our procedures require appropriate due diligence in selecting and engaging third parties, the maintenance of accurate and reasonably detailed records of expenditures and the implementation and maintenance of specific approval requirements for corruption-sensitive transactions. We also prohibit any and all facilitation payments to government officials. (BHP Annual Report 2014, p. 32)

It is noted also that during the 2010's, BHP also published fewer narratives about its philanthropic contributions than earlier reports. During the 2000s, for example, BHP published many narratives describing its contributions to charities in its corporate

⁴The FCPA is the United States Foreign Corrupt Practices Act.

annual reports that drew attention to its pre-tax profit contributions of 1 per cent or more per annum, and its sponsorships. In 2002, the total number of philanthropic related topics increased to 8, and these included longer, more detailed narratives about providing education narratives to students in poor communities in Peru, providing micro-finance loans to enterprises in Australia and Indonesia, as well as its participation in a corporate community leadership abroad programme conducted by Oxfam and the University of QLD (BHP Annual Report 2002). In 2009, this number decreased to only three in 2009, before increasing slightly in 2010, but from 2011 onwards, BHP only published two narrative topics about its philanthropy per year, and these simply referred to the donation of 1% of its pre-tax profits.

Similarly, the number of narrative topics BHP published about its social responsibility initiatives also decreased from 2011 onwards. In contrast to the mid-2000s, when BHP published the most narrative topics about its social initiatives which totalled 18, and in 2010, when 15 social topics were published, by 2011 this number had drastically reduced to 9 in 2011, and only 5 in each of the 2012, 2013 and 2014 reporting years. From 2011, BHP favoured narratives about its 'Social Investment Framework' in preference to purely philanthropic contributions. These support measures included providing healthcare programmes such as funding clinics that treated infectious diseases including HIV/AIDS, Malaria and Tuberculosis in communities where it operated. The company also reported on infrastructure that it had provided such as clean water, housing and education.

Further, evidence of changes made in BHP's CSR reporting disclosures following the Beijing Olympics investigation was also identified in its 2015 Annual Report as indicated in the following statement:

We have strong governance processes in place, high standards of ethical and responsible behaviour, and we are an active contributor to societal development. We care as much about how results are achieved as we do about the results themselves. (BHP Annual Report 2015, p. 6)

Furthermore, in BHP's 2015 Annual Report, the company announced that it had created 'an independent compliance function' (BHP Annual Report 2015, p. 161) that reported to the Chief Legal Counsel and BHP's Board. The purpose of the newly created independent compliance function was to ensure that no further breaches occurred and that approval would need to be sought for prior to any further offers of hospitality being made to any government officials.

The 2017 Annual Report noted that it had formed a Global Partnership with Transparency International and that it supported the establishment of ownership registers and participated in public policy forums. This annual report also stated that BHP's approach to transparency was guided by Transparency International's Principles of Responsibility. As part of these guidelines, BHP announced that it annually disclosed payments of taxes and royalties to all host governments on a project-by-project basis in an Economic Contribution Report (BHP Annual Report 2017). These heightened governance measures are to be expected; however, symbolically they also function to convey messages designed to restore trust and shape stakeholders' impressions about the firm.

14.4.1.5 Samarco Tailings Dam Collapse

In November 2015, a tailings dam owned by Samarco⁵ in Brazil failed, releasing vast quantities of water and toxic chemicals into the Rio Doce River. As well as causing considerable damage to the environment, this disaster killed 19 people and injured many others when downstream villages were destroyed by water and debris from the burst dam. BHP's response in the 2016 Annual Report was for the Chairman's letter and CEO letter to provide apologies for the tragedy, for instance, 'We are deeply sorry to all those who have been affected by the tragic events at the Samarco iron ore operations in Brazil in November last year' (BHP Annual Report 2016, p. 3).

BHP's response to this disaster embodies a number of substantial changes to BHP's sensemaking of its CSR requirements, reflected in its CSR storytelling strategies, compared to those deployed during the 1990s. Evidence of these developments is reflected by BHP announcing a new, dedicated board level sub-committee to govern its Samarco obligations, narratives about its technical investigations into the dam collapse, and reassurances that in-depth reviews were being actioned at BHP's other tailings dam sites. These efforts, in conjunction with the remorseful Chair and CEO's letters, convey stronger messages about the company's acceptance of accountability for the disaster that represents a departure from the comparatively minimalist storytelling approach used in conjunction with the Ok Tedi disaster during the 1990s.

However, despite these developments the following paragraph details how BHP's intentions to meet stakeholders' expectations in response to the disaster, it should be noted that BHP also depoliticised the disaster by referring to its support for Samarco.

'At the 2015 Annual General Meeting (AGM) of BHP Billiton Limited, we made a commitment to support Samarco with the response effort and to find out what went wrong' (BHP Annual Report 2016, p. 3). The CEO also stated that 'BHP Billiton is committed to doing the right thing to help those affected recover and to work closely with our joint venture partner, Vale, and the operator, Samarco, to achieve this'. (BHP Annual Report 2015, p. 4)

14.4.2 Constructivism

There are several examples of BHP's CSR storytelling that support the constructivist perspective. The constructivist perspective considers stories to be a part of the narrative construction of reality and can be used to address the second research question, '*How have competitive and institutional pressures influenced the development of BHP's CSR organisational storytelling?*' Narratives in BHP's reports support evidence that the company's storytelling about climate change, including carbon taxes and pricing have been shaped by macro-level influences, namely competitive and institutional isomorphic pressures. However, evidence from BHP's reports also suggests that the company affected external organisations' social construction of reality about CSR-related matters.

⁵Samarco is a joint company by BHP and separate company, Vale.

14.4.2.1 Competitive Pressures

BHP's annual reports do not reveal much information about competitive pressure derived from other companies or competitive pressures of CSR. However, BHP is a member of a number of industry associations, namely the Minerals Council of Australia, as well as other membership groups such as the Business Council of Australia, the US Council for International Business.

One area where competitive pressure has become apparent for BHP has been considerable growth in competition among companies to attract socially responsible investors. Socially responsible investment indices such as the Dow Jones Sustainability Index and the FTSE4Good Index rank companies whose products, services and supply chains that have 'green' credentials (Mason and Simmons 2014). In 2002, the SMH reported that BHP had been condemned by socially responsible investors for its role in OK Tedi, and for its coal mining operations contaminating the Sydney water catchment area (Collett 2002).

In 2017, a report by the Australasian Centre for Corporate Responsibility (ACCR) in the human rights risks in the operations and supply chains of 23 listed companies (Ferguson 2018). BHP scored 77 out of 100, ranking it the highest-scoring company in Australia and globally.

14.4.2.2 Institutional Pressures

Institutional isomorphic pressures are derived from three sources, namely coercive, mimetic and normative pressures.

Coercive Pressures

Coercive pressures originate from the organisation's stakeholders. There is substantial evidence that stakeholders have influenced BHP's sensemaking of CSR. For instance, the word 'stakeholder' was first used in BHP's 1997 Environment Report in the context of securing approval from governments and communities through 'communications with stakeholder groups' (BHP Annual Report 1997, p. 28). This reference to stakeholder groups signified a shift in BHP's reporting storytelling towards constructing plausible stories to the wider stakeholder community, rather than just shareholders.

From 2001, Chairman's letters published placed greater emphasis on corporate governance and corporate responsibility themes than during the previous times; however, the undeniable focus still centred on business productivity matters and shareholder wealth creation. Some of the changes to BHP's corporate governance-themed narratives included the further development of more general business governance practices, while others related more specifically to developments in sustainability governance practices and policies. This additional focus on corporate governance was derived from stakeholder pressure from regulators, including the Australian and

London Stock Exchanges, but also in response to high-profile corporate failures of Enron and Arthur Andersen in the USA during 2001. In 2005, the Chairman's letter commented on BHP's corporate social responsibility performance and BHP's commitment to meet and exceed stakeholder expectations (BHP Annual Report 2005).

The concept of corporate governance has unquestionably climbed the corporate agenda. Across the globe we have witnessed a proliferation of regulations, codes, recommendations and principles on the subject. These have been generated by governments, shareholders and lobby groups. Barely a single aspect of modern corporate life has been left untouched in this process of regulation. (BHP Annual Report 2005, p. 2)

Examples of other business governance practices include the introduction of a Business Conduct and Fraud Helpline in 2003, which provided employees with assistance and advice about matters relating to business conduct (BHP Annual Report 2003). Another example of a business governance measure that was listed in its corporate governance statement was that all transfers of amounts greater than \$10,000 (AUD) in or out of Australia were subject to reporting requirements (BHP Annual Report 2008).

The media is possibly the most powerful stakeholders in influencing BHP's storytelling and sensemaking of CSR. The media, including the print media, television, and social media platforms, including Facebook and Twitter have the potential to influence how companies prioritise stakeholder interests and therefore define CSR. This is referred to agenda-setting theory (Pollach 2014). Although this is not possible to prove a link between BHP's corporate CSR reporting, and news publications by a single publication, in this instance, the SMH, findings in another study by Pollach (2014) indicated that the news media impacted CSR reporting for some issues studied, including carbon emissions, alternative energies, environmental footprint and carbon footprint.

Mimetic Pressures

Mimetic isomorphism is the firm's response to uncertainty when it copies other organisations that it perceives to be exhibiting 'best practices'. Examples of how BHP has established an understanding about what it perceives to be best practice are found in its commitment to the United Nations Global Compact in 2002, and the Global Reporting Initiative (GRI) guidelines (BHP Health Safety Environment and Community Report 2002).

BHP's 2004 Sustainability Report appears to 'set the agenda' of its own CSR story. In this report, narratives consisted of highly detailed explanations and justifications for its sustainability initiatives and policies, as well as CSR-related definitions. Another finding was that BHP also used this report to justify the 'business case' for CSR, as highlighted in the following narrative:

...our bottom line performance is enhanced by excellence in health, safety and environmental performance and by addressing community, employee and stakeholder expectations. (BHP Sustainability Report 2004, p. 15)

Furthermore, it uses external commentary to justify its selection of the five risks that it had determined as being its top five sustainability challenges. These included fatal risks, greenhouse gas emissions, access to resources, sustainable development, and occupational and community health.

Normative Pressures

Normative isomorphism is believed to originate from professionalisation of a field and can have a substantial effect on the sensemaking of CSR, but also in determining the CSR story. Normative isomorphic pressures that have contributed to the neo-institutionalisation of CSR could include the incorporation of CSR and business ethic subjects within business education (Wright and Bennett 2011). Evidence of that may indicate how normative isomorphic pressures have had a sensemaking, and a sensegiving effect on the development of CSR can be found in narratives published in annual reports about BHP's board members' other affiliations. In many instances, BHP board members are also the heads of school, or deans of Australian graduate schools of management at many Australian universities. For example John Schubert, who was a director at BHP from the year 2000 until 2017 was also a director at the Australian Graduate School of Management during a portion of his tenure (BHP Annual Report 2003). These direct links between BHP and these business education sectors provide BHP with the opportunity to influence how CSR is understood and prioritised at universities and vice versa.

14.4.3 *Deconstructivism*

The deconstructivist perspective is illustrated when considering BHP's CSR reporting from 2001 until 2008. The deconstructivist perspective reviews stories from a critical, post-modernist position, establishing whether there is evidence to support the third research question, '*Does BHP use stories to shape stakeholders' sensemaking of CSR and its CSR performance and manage impressions through storytelling?*' This critical viewpoint considers the power and hegemony of discourses and therefore seeks to understand the objectives of BHP's storytelling, including whether there is evidence of greenwashing.

During this time, BHP's CSR reports were more detailed than earlier reports featuring more pictorial images and diagrams and by 2006, BHP's annual report included more than 500 pages (BHP Sustainability Report 2006).

14.4.3.1 Sustainable Development

Despite this significant uptake in reporting its CSR credentials, there have been incongruences between the content of its CSR reports and its activities. From 1993, BHP

published an increasing number of narratives about measures taken by the company to monitor and reduce the environmental and social impact of their operations. For instance, in its 2007 Sustainability Report, BHP noted:

Our approach to environmental management is incorporated in our Charter, which states that we have ‘an overriding commitment to health, safety, environmental responsibility and sustainable development’. (BHP Sustainability Report 2007, p. 192)

BHP began incorporating the phrase ‘sustainable development’ in its CSR reporting from 1997 describes business growth activities that did not negatively impact on the environment or society. In its first stand-alone environment report, BHP defined sustainable development as follows:

The concept of sustainable development is an evolving one based on economic prosperity, environmental quality and social progress and, in pursuing business opportunities, BHP considers all of these components. (BHP Environment Report 1997, p. 11)

However, during the 2000s BHP was also extracting record quantities of natural resources to meet the unprecedented demand for raw commodities from China, and other emerging economies (Fitzgerald 2003, p. 19). To accommodate this, BHP expanded its mining and exploration activities across the globe. The following report about its expansion of its coal mining operations in Queensland is representative of this growth:

The group also did its best to portray itself as a growth stock by announcing plans to spend \$102 million on developing a new underground coking coal mine in Queensland. (Fitzgerald 2003 p. 19)

Despite BHP constructing stories about its environmental conduct and careful governance, mining activities have a significant impact on the environment because they require extraction, processing and transportation (Jenkins and Yakovleva 2006).

14.4.3.2 Workplace Safety and Fatal Risk Controls

BHP’s 2007 statement that it was committed to health and safety can also be viewed critically because of the recurring fatalities and injuries at its operational sites and occasionally experienced by surrounding communities throughout the reporting period (BHP Annual Report 2007). Among the various human resources, CSR narrative themes of occupational health and safety (OH&S) matters have featured most prominently in all reports published by BHP between 1992 and 2017. BHP’s CSR reporting introduced narratives about OH&S monitoring, audits, assessments, prevention and training. For example:

The Company’s aim is the prevention of all work-related injuries and diseases; in the short term, the objective is to reduce Lost Time Injury Frequency Rates by at least one third each year in all its businesses. (BHP Annual Report 1995, p. 7)

In 2003, BHP launched its objective of ‘zero harm’ which coincided with safety management evaluations and training programmes at all of its sites (BHP Annual

Report 2003). Between 2001 and 2008, BHP also reported on how it was implementing increasingly sophisticated measures designed to monitor and mitigate occupational illnesses and diseases caused by workers' exposure to nickel, sulphides, diesel particulates, molten metals and loud noises. Furthermore, in 2007, BHP reported that it had set a target to reduce the incidence of occupational disease by 30% in June 2012 (BHP Annual Report 2007).

Despite these statements, BHP has experienced ongoing operational safety issues. Some of these were reported by the company in its reports; others however were only reported by the SMH. For example, in its 1996 Annual Report, BHP published the following narrative after an underground mine explosion that had occurred in Queensland where 11 fatalities had occurred:

In January 1996, the Queensland Mining Warden's Panel released a report on the explosion at the underground coal mine at Moura on 7 August 1994, in which 11 people died. During 1994 and 1995, we made many changes to work practices and we are continuing research into spontaneous combustion, explosion-proof seals and methane gas utilisation with the focus on hazards analysis and reduction. (BHP Annual Report 1996, p. 6)

In 2004, the CEO's letter in BHP's annual report informed shareholders that 17 deaths had occurred during the prior 12 month period:

Despite this progress, we have failed to meet our most important target – zero fatalities. Tragically 17 employees or contractors lost their lives during the year, an outcome that is unacceptable by any measure. Management have refocused and redoubled their efforts to address this issue in line with the Group's target of Zero Harm. (BHP Annual Report 2004, p. 3)

BHP's reaction to high workplace fatalities tragedies is obvious; it acknowledges the tragedy of the event and reassures readers that its workplace safety issues will be addressed. However, a critical review of this statement in conjunction with the SMH articles published during this time raises questions about the credibility of BHP's claim. For instance, in 2009 it reported that BHP had to halt its iron ore operations in Western Australia following the death of a third worker in five weeks (Murphy 2010). In 2010, the SMH reported that another worker had been killed in Western Australian mine and commented that BHP had been criticised by unions who said that 'the chase for profits... should not be at the expense of mine workers' lives' (Murphy 2010, p. 5).

However, despite these negative reports, BHP recently funded scientific research into reducing truck driver fatigue to minimising road trauma and workplace fatalities that developed 'smart caps' to track truck drivers' brainwaves (Gray 2017) which is an example of one of many proactive measures being introduced by BHP to improve its CSR performance.

14.4.3.3 Staff Benefits

During the 2001–2008 period, there had been a general increase in the number of narratives published about staff benefits. For example, from 2002, BHP reported that it

had introduced a range of human resources measures that were designed to attract and retain skilled employees (BHP Health Safety Environment and Community Report 2002). These included the introduction of a range of health and well-being programmes such as access to complementary counselling services (sometimes referred to as employee assistance programmes, or EAP), fitness programmes and many other benefits. Others included providing scholarships to university students, and developing graduate internship programmes and the introduction of staff feedback surveys to measure engagement.

On the one hand, these new staff benefits may have been offered to employees in response to a shortage in skilled labour, caused by rapid growth in demand for commodities (BHP Annual Reports 2005, 2006, 2007, 2008). However, they may also have been introduced following heavy criticism received from its stakeholders for significant reductions in staff numbers at its various Australian operational sites. During the late 1990s, BHP reduced its staff numbers from approximately 50,000 workers to 27,700 in 2001 following the closure of a number of sites such as the Newcastle steelworks and the sale of its steel operations (BHP Annual Reports 2001, 2009). Furthermore, during the late 1990s and early 2000s, BHP experienced sustained industrial action from unions following its job cuts, and after it had recruited non-union labour (Hill-Douglas 2002).

14.4.3.4 Gender Equality

Prior to 2001, BHP noted that it considered itself to be an equal opportunity employer. However, in 2001 new legislation was introduced that required the firm to report annually on Equal Opportunity for Women in the Workplace. Initially, in the 2001 Annual Report BHP acknowledged that only 7% of its workforce were female and that its average turnover rate for female employees was higher than that of males (BHP Annual Report 2001). In 2002, it reported that its proportion of female employees was 9%, but it defended this low percentage by stating this was consistent with other resources sector companies (BHP Annual Report 2002). In 2004, BHP dedicated a section of its sustainability report to discussing its diversity issues and initiatives.

Employment with the Company is offered and provided on the basis of merit. All employees and applicants for employment are treated and evaluated according to their job-related skills, qualifications, abilities and aptitudes only. (BHP Sustainability Report 2004, p. 81)

BHP's Board of Directors were exclusively male up until 2005 when Gail DePlanque was appointed as the first female Board Member, and Carolyn Hewson was named a director in 2010 (BHP Annual Report 2010). The SMH has since reported in October 2016 that BHP has announced that it has set a target that 50% of its workforce will be female by 2025 (Hatch 2016).

14.5 Conclusion

This paper has examined how BHP used storytelling in reports to inform stakeholders about its CSR performance, and also to shape stakeholders' sensemaking of CSR. The paper examined stories of BHP as reported by BHP itself, and an independent media source—the SMH. BHP's storytelling of CSR was analysed from functionalist, deconstructivist and constructivist perspectives to understand how stories are constructed and how meanings have been conveyed to stakeholders.

Using the functionalist perspective provided by Wehmeier and Schultz (2011), this research sought to establish 'How have significant events influenced the development of BHP's CSR organisational storytelling?' and found evidence that BHP's storytelling in CSR reports was affected by significant events, and that CSR reports have sometimes been used as a crisis management tool to restore its reputation following a major crisis, or a threat to its legitimacy. For instance, the total number of narratives themes published in BHP's corporate annual reports reached their highest level during 1997/98 following its operating loss. There was also substantial increase in the number of articles published in the SMH about its poor operating performance between 1996 and 2000.

BHP's storytelling responses to significant events have also changed over time as demonstrated by comparing BHP's response to the Samarco tailings dam collapse in 2015 with its response to the 1984 Ok Tedi disaster during the 1990s. BHP's more recent CSR reporting stories exhibit greater levels of accountability and transparency by conveying not only more comprehensive information about its CSR performance, but also by using language to signal to stakeholders that it accepts ownership for its environmental and social responsibilities. These developments reflect heightened stakeholder expectations concerning companies' ethical and environmental conduct since the 1990s, and BHP has changed its organisational storytelling to retain its organisational legitimacy.

The constructivism perspective provided a theoretical structure for analysing 'How have competitive and institutional pressures influenced the development of BHP's CSR organisational storytelling?' Evidence in corporate annual reports of BHP of exerting competitive pressures was found through BHP's participation in industry associations. The SMH ratified findings in BHP's corporate annual reports of evidence of BHP responding to, and exerting institutional pressures in institutional environment.

Finally, the deconstructivism perspective described by Wehmeier and Schultz (2011) provided a theoretical structure for critically evaluating 'How BHP has used stories to shape stakeholders' sensemaking of CSR and its CSR performance and manage impressions to shape stakeholders' understanding of CSR as well as to favourably influencing their impression of the company's CSR conduct'. This research found evidence of BHP using stories to manage impressions and cited examples where BHP has used stories to favourably influence stakeholders' impressions of the company. Instances were identified where the company has combined references about its economic development and business performance in narratives

about its sustainable development policies which may be interpreted as misleading due to the large-scale impact that extractive industries can have on surrounding communities and the environment. Evidence was also found where CSR organisational storytelling about human resources policies and staff benefits was used strategically to address a range of other matters.

Through the BHP Company, this research highlighted how CSR reporting is used as an organisational storytelling tool and that semiotics are used strategically to convey meanings about the company's competency for managing its own CSR conduct and performance. This is a priority for companies because it who wish to retain control over their own CSR as further government regulations can potentially restrict business operations and access to markets and lead to additional costs associated with monitoring and compliance (Branco and Rodrigues 2007).

It is recommended that CSR narrative content of corporate annual reports should be reviewed more critically and corroborated with external information. This paper has also highlighted the continued importance of global reporting and ethical standards such as the United Nations Sustainable Development Goals, the GRI and many others to provide companies and stakeholders with an indication of external quality standards and allow for the benchmarking of company's CSR reports and performance against others.

The findings of this study are limited because they are based on a review of published reports from one company only, and only one newspaper publication. Results could be enhanced by extending the number of companies and involving more industries. Also, the analysis of the effect of media attention on social construction of CSR may be enhanced by examining the effects of social media, which has become a powerful medium for stakeholder activism in recent years. Differing methodologies such as interviewing key representatives may provide further information, particularly those which would examine the actions of individuals at the micro-level.

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Chapter 15

Social Enterprise as Catalyst for Change: Case Study of India and UK



Roopinder Oberoi and Jamie P. Halsall

Abstract The globalization economies have heightened the importance of entrepreneurial action for creating wealth (Hitt et al. in *Strateg Manag J* 22(6–7):479–491, 2001) and addressing persistent social problems (Zahra et al. in *Acad Manag Rev* 25:509–524, 2000). This has left many in poverty, intensifying the plight of those who occupy the bottom of the pyramid (Prahalad in *The Fortune at the bottom of the pyramid: Eradicating poverty through profits*. Wharton School Publishing, Upper Saddle, 2006). Demographic shifts, liberalization of national economies and attendant markets, institutional and state failures, and technological advances have combined to increase the calls for more social consciousness within businesses, providing the impetus for the formation of social ventures. Porter describes social entrepreneurship as a “Trojan horse,” a means to get business on board as part of a larger movement calling for “a more ethical and socially inclusive capitalism” (Driver in *Acad Manag Learn Educ* 11(3):421–431, 2012: 421). Social entrepreneurship may be the vehicle or catalyst to change the economic system in such a way that profits produce positive social and economic change, and financial markets reward companies for doing so through social entrepreneurship. Social entrepreneurs represent a powerful idea, an idea that is relevant today more than ever before: Business can be a vehicle to create both economic values and contributing to building a fair and equitable society. The financial crisis has united economists and philosophers in an effort to promote a more inclusive global economy. The introduction of social enterprise in a global context has advanced an institutional shift in the way society is governed. Social enterprises are frequently referred to as “agents of change.” Social enterprises are gaining popularity in many parts of the world due to their great potential to advance the agenda of inclusive and sustainable growth. Social enterprise could be acknowledged, which begs the question, as a “broader economic social and solidarity movement” and as “an alternative to mainstream capitalist enterprise, which aims to combine economically viable business for wealth creation, service provision

R. Oberoi (✉)
University of Delhi, New Delhi, India
e-mail: roopinderoeroi36@rediffmail.com

J. P. Halsall
University of Huddersfield, Huddersfield, UK

and improving well-being of individuals and places” (Farmer et al. in *Soc Entrep J* 12:235–254, 2016).

In this chapter, we attempt to illustrate that rapid globalization and related forces have created space for social enterprises worldwide. It is imperative to appreciate that ecosystem make possible social enterprises to nurture and mature. The historical evolution of social enterprises illustrates that social enterprises are fashioned by the political, legal and socioeconomic environments prevalent in country (Poon in *Harvard Bus Rev* 62–77, 2011; Kerlin in *Int Soc Third Sect Res Voluntas* 21:162–179, 2010). There must be an “ecosystem” of enabling institutions to assist the success and scaling up of social enterprises (Poon in *Soc Impact Res Experience J (SIRE)* 1–1, 2011: 30). David Cameron, Prime Minister of the UK, highlighted that “Social enterprises, charities and voluntary bodies have the knowledge, human touch and personal commitment to succeed where governments often fail” (Cabinet Office in Prime Minister’s speech at the social impact investment forum in June 2013). This chapter will provide theoretical understanding of social enterprise against the backdrop of debate on deglobalization and will map the significant role of social enterprise in India and the UK in the current context. The field of social enterprise has emerged as an area of mutual learning between India and the UK, and there is strong commitment from both governments to foster the third sector as a “wedge” between the public and private sectors, which can promote inclusive development progress. Social enterprise has increasingly become an important feature in the social and economic policy process at central and local government levels in the UK and India; this cross-country analysis will highlight the convergence of ideas on the future model as inclusive and developmental.

Keywords Globalisation · Financial crisis · Social enterprise · Value creation · India · UK

15.1 Introduction

The current world order is exposed to backlashes in opposition to the negative impact of globalization, and amazingly, these backlashes are predominantly visible in the countries that drove the construction of a global order since the end of Cold War. Capitalism is at a crossroad, and researchers, practitioners, and policy makers are called to rethink business strategy in light of major external changes (Arena 2015; Hart 2005). “Accordingly, humans are materialistic utility maximizers that value individual benefit over group and societal benefit. A ‘homo economicus’ engages with others only in a transactional manner to fulfill his or her interests. He/she is amoral, values short term gratification, and often acts opportunistically to further personal gain” (Pirson and Lawrence 2009, p. 553). As Gregory Dees notes, “A cursory look at world affairs should convince any thinking and caring person, regardless of political ideology, that we have considerable room for improvement” (Dees 2007, p. 24).

While “we may not all agree on our visions for an ideal world, the gap between reality and our notions of the ideal is still enormous” (Dees 2007, p. 24).

At the moment, the nonprofit sector is encountering increased cynicism following financial anxiety, principally the result of helplessness to incorporate the constructive essentials of the free-market into its social structure. Concurrently, the for-profit sector is equally experiencing inflated stress from disgruntled groups regarding its social inefficiencies and inability to distribute social benefits. All of these troubles have been aggravated due to global economic downturn. Apprehensions emerged as the political institutions that were believed to “administer” globalization failed to live up to expectations, and a cycle of disillusion and disenchantment set in post the 2007 financial crisis. The crisis of 2007/2008 has caused many to question the fundamental premises of the existing business system (Kaletsky 2010).

Deep-seated uncertainties are transfixing the global economy. The global order currently seems to be vacillating between two options: either move toward protectionism or deglobalization, with nationalism and market segmentation, and national priorities set against “globalism”; or transition to a new kind of globalization, sometimes referred to as globalization 2.0. The Brexit referendum and the election of Donald Trump have additionally brought these fundamental quandaries to the forefront.

In light of these qualms and challenges, conventional perception is recoiling. Even some of the ardent champions of globalization are cautious. They try to recapitulate the several achievements of globalization, especially the lifting of large numbers of people out of poverty, but they also unanimously concede that there are many negative externalities and costs of globalization, and call for efficient mechanism to establish an equilibrium between the losers and winners of globalization. Christine Lagarde (2016), Managing Director of the International Monetary Fund (IMF) urges for building an “inclusive” global economy in order to offset anemic development that has proved to be “too low for too long, benefiting too few” (Crisafulli 2016). The dilemma at present is that the unconstructive parts (overheads) of globalization are tough to untangle from the constructive part (achievements). That is why globalization has propensity of its pendulum to equally move back and forth. The interlude of backlash produces social and economic innovation with the aim of “managing” globalization. Managing globalization or staving off negative turn to deglobalization necessitates institutions that work for the universal benefit, not to the benefit of few.

Not unexpectedly the disappointment with the liberalized, efficiency-driven system has policymakers around the world looking for new ways of organizing their social economies. Stiglitz’s (2002) in his much cited book *Globalization and Its Discontents* and Rodrik’s 2004 book *Rethinking Growth Policies in the Developing World* warned against the drawbacks of trickle down development “blueprints.” Paul Krugman in New York Times article, dated September 2, 2009, “*How Did Economists Get It So Wrong?*” argued that economists had failed to predict the global economic crisis because they were “mistaking beauty for truth” in their mathematical models. Likewise, Sachs emphasized in his 2010 article “*Rethinking Macroeconomics*,” of The Broker, “that future prosperity will necessitate fundamental reforms in global macroeconomic governance [and] new ways of thinking.” These calls for a more

inclusive economics and a rethinking of the field's underlying concepts also found voice in a landmark report, *The Growth Report: Strategies for Sustained Growth and Inclusive Development*, published in 2008 by the Commission on Growth and Development (CGD) (Pouw 2011).

Unfortunately, the proposal of a business with intent except earnings has no place in the prevailing theology of capitalism. Muhammad Yunus is a Bangladeshi social entrepreneur who was awarded the Nobel Peace Prize for founding the Grameen Bank and pioneering the concepts of microcredit and microfinance roots the social business concept in modern-day behavioral realities, where a number of people don't want to work with profit-maximizing businesses, who want to address social and environmental issues, and who realize that government, nongovernmental organizations (NGOs) and charity are not necessarily the answer, and that Corporate Social Responsibility, if ethically used, is limited to what is good for the corporate image and leads to profit maximization (Ashta 2009).

There is acknowledgment that wide schism has developed between one huge plank, which is the dominated by economy, and another huge plank, which is the larger society. Many reports are warning about the high inequality between countries and within countries. Social entrepreneurs are now attempting to bridge the crack that's gotten larger and larger. According to Yunus and Weber, "Capitalism takes a narrow view of human nature, assuming that people are one-dimensional beings concerned only with the pursuit of maximum profit.... Mainstream free-market theory suffers from a "conceptualization failure," a failure to capture the essence of what it is to be human (2007, p. 36). Therefore according to them to make the structure of capitalism complete, we need to introduce another kind of business—one that recognizes the multi-dimensional nature of human beings.

Porter and Kramer (2011a, b), Harvard professors, propose that managers should view the corporation as "socially embedded" and actively uncover potential for value creation for all stakeholders. In essence, Porter and Kramer refurbish the older stakeholder management argument, by stating that economic value can only be created in a sustainable fashion when all stakeholders including society can appreciate the value created. Porter and Kramer advocate that the rationale of the corporation in the current context needs major redefining. They put forward that the business, rather than simply and blindly chasing financial value creation, must embark on to pursue shared value creation. "Business-as-usual" approach is drawing serious scrutiny. "From notions of capitalism 3.0 (Barnes 2006), to moral capitalism (Young 2003) or humanistic management (Pirson and Lawrence 2009) many are suggesting that business needs to reinvent itself to meet the challenges of the 21st century" (Pirson 2011).

"Social Entrepreneurs are considered to be at the forefront in discovering shared value opportunities because they are not locked into the narrow traditional business thinking (Elkington and Hartigan 2008)" (Pirson 2011). "The term is actually not new; it's just the latest variation of a long series of constructs that attempt to integrate reductionistic and emergent values" (Trexler 2008, 75). Social entrepreneurship as a practice and a field for scholarly investigation "provides a unique opportunity to challenge, question, and rethink concepts and assumptions from different fields" (Mair

and Marti 2006, p. 36). It has been called a “fascinating playground for different theories and literature” (Mair and Marti 2006, p. 37). Many see social entrepreneurship as a way to catalyze social transformations well beyond solutions to the initial problems. From this perspective, social entrepreneurship can produce small changes in the short term that reverberate through existing systems to catalyze large changes in the longer term (Ashoka Innovators for the Public 2000a, b). Innovation, social impact, sustainability, societal transformation, individual or citizen-driven social change, challenging existing structures, merging traditional sector boundaries, and building a more inclusive market system, all characterize social entrepreneurship. Florence Nightingale, John Muir, Vinoba Bhave, and Maria Montessori are sometimes cited as historical examples for their once innovative approaches to social value creation (Ashoka 2000).

However, a social-objective-driven project that charges a price or fee for its products or services but cannot cover its costs fully does not qualify as a social business. Thus, a social business is designed and operated as a business enterprise, with products, services, customers, markets, expenses, and revenues—but with the profit-maximization principle replaced by the social-benefit principle, for example, a social business that manufactures and sells high-quality, nutritious food products at very low prices to a targeted market of poor and underfed children. Or a social business that designs and markets health insurance policies that provide affordable medical care to the poor. Another example of social business could be that develops renewable energy systems and sells them at reasonable prices to rural communities that otherwise can’t afford access to energy or a social business that recycles garbage, sewage, and other waste products that would otherwise generate pollution in poor or politically powerless neighborhoods (Yunus and Weber 2007, p. 40).

Some illustrations of social enterprises that have scaled up and enlarged their impact considerably are like “BRAC in Bangladesh, the Greenbelt Movement in Kenya, India’s Self Employed Women’s Association (SEWA), *Se Servir de la Saison Seche en Savane et au Sahel (Six-S)* in Burkina Faso and Valid Nutrition in the UK” (Quak 2013). Social Innovation and enterprise demonstrated the potential for reaching millions of people and catalyzing high levels of social transformation in one or more of the cultural, economic, or political arenas. “Four initiatives—BRAC, Grameen Bank, SEWA, and Highlander—were characterized by both high-reach (millions of people) and high-transformational impacts. In the first two cases, the initiatives created increasingly large and sophisticated nongovernmental organizations as vehicles for expanding their impacts. In the third, SEWA created local, national, and eventually international alliances of membership organizations to mobilize women in the informal sector. In the fourth case, Highlander remained small and organizationally unsophisticated, but it built close alliances with much larger and more organizationally complex movements that could use its support to effect major political and cultural changes. High-reach and high-transformational impact may be achieved through many organizational arrangements, depending on the issues and the strategies adopted expand the initiative” (Alvord et al. 2004, p. 280).

Governments around the world are recognizing the potential of social enterprises (SEs) in order to build more inclusive social and economic agendas. Countries with

a more mature policy framework recognize the role of SEs in the long-term vision of the country. For example, the UK included SEs in the National Plan of Government 2010–2015. The government of the UK is praising innovative solutions of social enterprises as a vehicle to close the gap on the provision of public services, such as education and health. Other countries like the USA and Italy are seeing in SEs the opportunity to improve the quality, affordability, and equity of service provision, and Chile, South Korea, Canada, and Poland envision SEs as a way to increase social cohesion and derive economic benefits for their nations.

Cognizant of the institutional and market failures in service delivery to the poor, and of the role of SEs in improving development outcomes, an increasing number of governments include commitments to promote SEs in their policy agendas. “Most of the government programs supporting the SE sector are too new to give substantiation of enduring impact and gamut of consequences in diverse areas such as poverty reduction, job creation, and innovation. However, it is worth learning from the advancement of global experience as diverse models of public sector support to SEs have materialized in developed countries in last two decades and has spread to the developing economies. There are outcomes from adaptation to select local contexts in developing countries that can inform policy design for governments that are considering the SE agenda as part of their strategies to achieve the development goals” (Agapitova et al. 2017).

SEs have demonstrated that they can generate sizable national-level returns. SEs outperform profit-driven, small-sized enterprises on a number of indicators. For example, according to the 2015, SEs can reduce inequalities by providing stable employment to those typically excluded from the labor market. In Manitoba, Canada, the SE sector contributed more than USD 200 million each year in saved costs associated with unemployment (O’Connor 2014). In long run, SEs have a high economic rate of return. For example, returns on the investment in SEs in the USA include an economic multiplier of 2.23, and a savings for US taxpayers of USD 1.31 for every dollar invested in SE due to reductions in government transfer benefits (Maxwell 2015). SE sector can become a major contributor to gross domestic product and a driver for sustainable and inclusive economic growth. In South Korea, the social economy which includes newer types of SEs as well as more established cooperatives accounts for three percent of gross domestic product (British Council 2015).

In numerous countries, SEs have become associates of the government in public service delivery. This corporation is reciprocally advantageous. It facilitates the government triumph over budget pressure and social inclusion challenge. This partnership also provides added opportunity for development and sustainability of the SE sector. The character of the government partnership with SEs differs generally: from early stage forms of collaboration to comprehensive policies and programs that adopt a holistic view of the social enterprise sector (Agapitova et al. 2017, p. 9).

15.2 UK Case Study

The term “Social Enterprise” describes the purpose of a business, not its legal form. It is defined (by Government) as “a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. (BIS 2011, p. 11)

The above quote is a definition of social enterprise from a UK government’s perspective. The government in the UK envisages social enterprise as a key driving force in communities in local, national, and global contexts. Increasingly, social enterprise has become a driving force in the UK economy. The concept is seen in many ways as a linchpin between the voluntary and statutory sectors in the UK (Samuel et al. 2018). Today, social enterprise is a key factor in influencing change in social and economic indicators at a community-based level. Traditionally, social enterprise has been perceived as a business strategy that social enterprise is becoming more relevant in the UK economy which is doubly significant.

Firstly, the financial crisis of 2008 has had a profound effect on the UK economy. When the financial crisis occurred in the UK, the private sector was hit first in terms of productivity and the public sector (voluntary and statutory) in reference to austerity. Secondly, the Brexit aftermath has caused much political discourse on economic growth in the UK after Britain leaves the European Union. Moreover, Shah (2009, p. 106) notes:

Social enterprises are well placed to play a key role in mitigating the impact of the recession and creating a more sustainable economy. They are powerful economic actors that promote social inclusion, bring into use under-utilised assets and foster greater levels of community cohesion. They offer a more efficient and innovative model for public service delivery and are innovating in the sectors of the economy identified as integral to our recovery. Harnessing and supporting their growth could enable social enterprises to play a key role in creating a sustainable economy that is committed at its very core to the well-being of its citizens and the environment.

A key driving force behind social enterprise in the UK is the reflexive relationship between the voluntary and statutory sectors. It is noted here that the voluntary sector in the UK would be seen, at international level, as nongovernmental organizations (NGOs). Hence, in this context, the voluntary sector has become progressively more important to the welfare state and community-led organizations. Social enterprise policy acquired momentum as an alternative approach to business than that of the 1980s’ conservative government; herein lies the political interest. Moreover, the real evolution of social enterprise in the UK occurred in the early 1980s, and in 1981, Freer Spreckley, a consultant on development and social economic sectors, delivered a “social audit training package to co-operatives, which was coined as a manual for social enterprise” (Bull 2018, p. 589). Here are three examples of social enterprises in the UK:

- **Kibble Education and Care Centre**

Purpose: to support children and young people who are regarded to be at risk.

- **Social Bite**

Purpose: to provide housing for people who are homeless.

- **The Wise Group**

Purpose: to deliver services in three areas: employability and skills, sustainability, and community justice.

Since the New Labour Government came to power in 1997, voluntary sector organizations have played a pivotal role, acting as a support mechanism in society. Voluntary sector organizations are primarily based in local areas and are there to facilitate in addressing particular social, economic, and cultural issues facing that geographical area. Over the last decade, there has been an emphasis on localism in different regions across the UK. For example, in the late 1990s, the UK saw the establishment of the Scottish Parliament, the Welsh Assembly, and the Northern Ireland Assembly. In this period, the New Labour Government championed devolution as a mechanism to delegate power to local communities (Parkinson 2016). Devolution is perceived as moving powers from central government to a local level. This process has been termed “decentralization,” and as MacKinnon (2015, p. 48) notes:

Devolution or decentralisation can be seen as one of the most widespread forms of restructuring...helping to convey an understanding of the state ‘as a (political) process in motion’. Political or legislative devolution involves the transfer of powers previously exercised by ministers and parliamentary bodies to a subordinate elected body, defined on a geographical basis...although the term is also sometimes also used to refer to the establishment of unelected bodies that operate as part of central government.

Decentralization at state level is seen as reorienting economic, political, and social structures to local context; for Fowler, “decentralisation offers new opportunities to improve” (1997, p. 12) society and provide a popular catalyst for change. Moving on from devolution to the present day, in many regions across the UK (e.g., northwest and northeast), local authorities have elected mayors and police commissioners to concur with devolution. According to Eagle et al. (2017), the central government policy moves behind localism stem from the removal of bureaucracy and the negative influence of the state on local communities. As Eagle et al. go on to say: “These were the issues portrayed to the public of the UK as the real barriers to developing innovation and thriving communities. In short, less central governmental involvement would be a positive development” (2017, p. 68). Therefore, providing this new structure at a local level has brought a cohesive relationship between different sectors that are involved with local communities.

Mazzei and Roy (2017), who have undertaken research on social enterprise in the UK sector, note that social enterprises have provided a key contribution to many welfare services. Figure 15.1 provides an illustration of the criteria for being a social enterprise in the UK. For example, for a long period of time, the Scottish government has recognized the impact that social enterprise has on the welfare system by providing social policy modernization. A key turning point in supercharging social enterprise into Scottish government policy was embracing the “Enterprising Third Sector” and implementing extra financial support and new initiatives. A report by the Scottish government in 2016 saw social enterprise policy as a different way of

1. "A Social Enterprise (SE) is a trading business – selling goods and services – but whose primary objective is to achieve social and/or environmental benefit. SEs are different from those charities and voluntary organisations that do not aspire to financial independence through trading.
2. Regardless of its legal form, the constitution of an SE will include the requirement that profits are reinvested in the business or in the beneficiary community – and not distributed to private owners, shareholders or investors.
3. The constitution will always require that on dissolution, the assets of the SE are reinvested in another organisation with similar aims and objectives. Taken together, Criteria 2 and 3 are referred to as the ‘asset lock’ – the defining characteristic of a SE – which distinguishes it from the private sector.
4. SEs are constituted and managed in an accountable and transparent way – particularly with regard to the community they serve.
5. SEs are distinct from the public sector and cannot be the subsidiary of a public body."

Fig. 15.1 Criteria of being a social enterprise in Scotland. *Source* Adapted from: The Code (2018)

business and how “social and commercial goals are blended together in the pursuit of a fairer and more equal society” (Scottish Government 2016, in Mazzei and Roy 2017, p. 2454). Interestingly, this approach to social enterprise is a different stance to the other social enterprise organizations function in England. Mazzei and Roy (2017, p. 2454) note:

social enterprise is ‘performed’ differently in Scotland than in many parts of England, with the ‘community business’ model (see Teasdale 2012) still the dominant mode. For example, Roy et al. (2015) argue that while the UK government adopted a broad and inclusive definition of social enterprise that is clearly market aligned (see Salamon and Sokolowski 2018), the Scottish experience has been more practitioner led, with SENSCOT (the Social Entrepreneurs Network for Scotland) leading the development of an operational definition which stresses the importance of values such as fairness and cooperation, which are arguably absent, or less dominant, in many parts of England where a US-style ‘social entrepreneurship narrative’ is more dominant. (see Teasdale 2012)

15.3 India Case Study

India is the world’s sixth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). The country ranks 139th in per capita GDP (nominal) with \$2134 and 122nd in per capita GDP (PPP) with \$7783 as of 2018. However, in India, 21.9% of the population lives below the national poverty line. Unemployment in India is projected to witness marginal increase between 2017 and 2018, signaling stagnation in job creation in the country, according to a UN labor report. The United

Nations (ILO 2017) World Employment and Social Outlook report finds economic growth is lagging behind employment needs and predicts both rising unemployment and worsening social inequality throughout 2017. Unemployment in India was projected to increase to 17.8 million in 2017 and 18 million. In 2018, India has also slipped down one place from 130 to 131 among the 188 countries ranked in terms of human development, says the 2016 Human Development Report. The report says 1.5 billion people worldwide still live in multi-dimensional poverty, 54% of them concentrated in South Asia. While poverty fell from 1990 to 2015, inequalities sharpened in the region. In the World Economic Forum's Inclusive Growth and Development Report 2015, India is placed second highest in terms of net income inequality among 34 countries in the lower middle-income group.

Despite its economic change and development, there are serious social inequality and economic problems which the country has yet to triumph over. With Indian population currently at 1.3 billion, approximately 65% are less than 35 years old, making the workforce of nearly 502.2 million. India's gross domestic product (GDP) grew at nearly 7% in 2016–2017. India is a middle-income country, and average per capita GDP is \$5800 (PPP). Agriculture embodies 17.6% of GDP and employs 49% of the working population. The industrial sector contributes 29.7% of GDP and 20% of employment, while services are responsible for 52.7% of GDP and 31% of employment (British Council 2015).

Indian government believes social enterprises can deal with diverse pressing concerns like poverty, unemployment, nutrition, agriculture, women empowerment, skill development, urban and rural sanitation, and absence of health and education. Social enterprises are rapidly becoming the vanguards of social transformation, attempting at eradicating social issues, enhancing the quality of life, and reducing the ill effects of developmental model. "By employing innovative business models, SEs are addressing India's vast development needs, while maintaining sustainability through viable revenue models. Simultaneously, this space is witnessing an increasing number of impact investors who are interested in supporting businesses with triple bottom line returns—that is, profits (or financial sustainability at the least), social impact, and environmental impact" (ADB 2012, p. 8).

According to Asian Development Bank report on landscape of social enterprise in India (2012), "Impact investing in India has roots extending back to 1982, when the Ashoka Foundation provided grants to Indian social entrepreneurs. Nonetheless, recently India has witnessed a boost in the quantity and volume of investments in businesses with triple bottom line. In 1997, Grassroots Innovations Augmentation Network (GIAN) became India's first non-profit socially minded venture capital fund (VCF), and in 2001 Aavishkaar became the country's first for-profit counterpart. Early growth in the impact investor community was slow; it took Aavishkaar seven years to accumulate \$14 million for its first fund. Since then, the number of players and the size of each fund have increased considerably. Some of the largest actors in the field include the Omidyar Network, Aavishkaar, Acumen Fund, and Elevar Equity. Additionally, the Indian Government is considering setting up a VCF of \$200 million" (ADB 2012, p. 11).

India is now regarded as the hotbed for the entrepreneurial activities carrying the seeds of social concern. Particularly since 2005, India has seen substantial intensification in social enterprise movement. This has happened in a background of negligible direct government participation. There has also been noteworthy enlargement in the accessibility of social investment due to rising consciousness of its prospective worth and programs which merge grants with investments to make them more reachable and affordable. There are an increasing number of support organizations—incubators, accelerators and academic, donor and government programs—providing direct and indirect assistance to social enterprise, as well as social enterprise workshops and events (British Council 2015).

The government of India in last one decade is playing a momentous part in the expansion of SEs in India. This enthusiastic importance for management of social enterprise is noticeable in the government's participation in influencing the plan concerning the managing of micro, small, and medium enterprises (MSMEs). Although MSMEs do not directly impinge on the SE sector, it impacts the working of local SEs. National policies in the form of public–private partnerships are assisting in fostering social innovation like India Inclusive Innovation Fund (IIIF), run by the National Innovation Council. Additionally, there are councils like Sectorial Innovation Councils which though not exclusively focused on social innovation support innovations to deal with vital national development issues.

The responsibility of SEs and innovation is highlighted in the government's twelfth Five-year Plan (2012/2017). Therefore, the businesses are espousing these themes get high priority in the national policy schema. Accordingly, GOI (2013) and international policymakers are enthusiastic to enlarge social enterprises as an essential component of solution to the India's developmental challenges. As a result, the discussions pertaining to driving innovation within MSMEs and growing social businesses are entering into the policy thrust. Under this program, MSMEs have been acknowledged as priority lending sector. The program enables the qualified enterprises to benefit from capital through equity, government grants, and subsidized loans. "Since, majority of for-profit SEs in India fall into this categorization (initial outlay below \$2 million; ADB report 2012), they will thus stand benefited from this policy" (Satar 2016, p. 32).

The policy emphasis on social enterprises is further evident in the form of many recent policy debates. Like for e-g; the recent National Policy for Skill Development and Entrepreneurship (2015) in addition to the formation of new Ministry of Skill development and Entrepreneurship. PM Narendra Modi, on August 15, 2015, motivated the nation by declaring "Start-Up India, Stand Up India" which rolled out a national action plan on January 16, 2016, to lend a strong impetus to the third largest start-up sector in the world. "This ambitious and well-intention government program aims to fill gaps in the economy and job creation by focusing on growth and development of startups and to boost digital entrepreneurship at the grassroots by earmarking around Rs. 2000 crore for the initiative. Nurturing young entrepreneurs to bring their disruptive ideas to the marketplace through innovative business models, providing financial support to small businesses and startups, creating an unregulated

and flexible environment for entrepreneurs to build, launch and grow their business form the core focus areas of Modi's Startup India Initiative" (Potdar 2016).

While aiming for achieving the global competitiveness through national skill development mission, the proposed policy carries specific agenda to foster social enterprise as well. "The policy strives to encourage and support commercialization of grass-root innovation through collaboration and integration with pertinent groups of existing organizations (E-hubs) like technological innovation hubs, National Innovation Foundation, research ecosystem within the nation etc. The policy agenda includes encouraging and starting the courses on social enterprise in higher education, funding schemes under social venture fund to extend credit to social enterprise, promoting and strengthening patent regarding innovative entrepreneurial ideas etc. However, these policy objectives are devoid of a holistic framework and don't cover all elements of a systemic S-ENT ecosystem" (Satar 2016, p. 32). For example, in India the government is running several venture capital funds eligible for SEs, such as the Samridhi Fund and the Maharashtra State Social Venture Fund" (Agapitova et al. 2017, p. 13–14).

However, a social enterprise in India albeit in its nascent stage is gradually receiving a thrust nowadays. With the government and the traditional economic means of planning, funding and provisions of services such as health, education, and social welfare, etc., tuning too inefficient, new attitudes to social problems and new expectations of citizens toward sustainable development are rightly arising now. However, while on one end of the continuum, we have the field of social enterprise as an exceptional opportunity to explore, analyze, challenge, and rethink the central concepts and assumptions related to the social and economic development; on the other end, we have a poorly defined and unstructured social enterprise sector in India (Satar et al. 2016).

So India's vibrant SE space is young in terms of years of operation, and nascent in terms of revenue size per enterprise. According to the Beyond Profit 2010 survey, about 68% of SEs have been in existence for five years or less. Furthermore, annual revenue for about 90% of SEs is \$500,000 or less. Given the youth of the space, it is not surprising that one in three SEs experience losses in their current operations. Having said this, SE revenues are growing rapidly; for instance nearly one-third of the enterprises surveyed by Beyond Profit grew by over 50% between 2009 and 2010, while only 6% of the surveyed enterprises had negative growths. (Intellectap 2010)

The ecosystem is relatively well developed with social enterprises activity working across all major sectors of the economy. Social enterprise in India seems to be broadly understood as a commercial form addressing poverty and engaging the poor; as such, it is often closely associated with livelihood approaches (such as micro-level income generation and micro-entrepreneurship) and less often with other innovative solutions to tackle social problems. There also seems to be a tendency to sometimes conflate social enterprise with micro-enterprise, artisan and handicraft livelihoods programs, and any form of rural enterprise (British Council 2015).

Incubators have been set up in India that lend hand to new social enterprises. While opening a business not an easy task, starting a social enterprise is still more challenging and tougher. Lacks of funds, knowledge resources, and manpower are

some of the hurdles faced by social enterprises. The social incubators guide, funnel, and direct entrepreneurs. For example, UnLtd India has helped build more than 12,000 jobs and has touched the lives of more than 1 million individuals through the initiatives they have supported. Their selection criteria include the ability of the entrepreneur to deliver results and the potential social impact of the project. Another prominent incubator is Action for India which provides entrepreneurs with access to technology, mentorship, shareholders, government agencies, local associates, and business development support. A hand-up and not a hand-out is the best way to buzz families out of extreme poverty; this is the belief that energies the actions of Upaya Social Ventures. In the sector of poverty improvement through gainful employment, Upaya offers seed funding and business development support to organizations that provide employment opportunities to the poor.

According to Agrawal and Khanna (April 17, 2015) in an article “A 5-point list of policy recommendations for robust social enterprise development in India” suggests following policy interventions that social enterprises require in India are:

(a) “Building the financial spectrum. Enabling access to finance right at the early/start-up stage, and covering the full spectrum of an enterprise’s working capital needs etc. (b) Operating guidelines for government partnerships: Enterprises would benefit greatly from leveraging the government network. A useful, mutually beneficial arrangement could be Public Private Partnerships (PPP) in sectors such as primary healthcare, education and livelihoods where social enterprises could be preferred execution partners. (c) Clarity on CSR funding and corporate engagements: The need is to pave the way for many more creative collaborations, where corporates can not only offer capital, but also their distribution networks and know-how (d) Incentivizing outcomes generated: Construct frameworks for measuring social outcomes and translating them into financial returns. Impact Bonds are an example of such structures (e) Encourage apex networks and self-regulation: Led by the government or even private sector, the need for an apex body that can advocate the role and contributions of social enterprises towards social impact cannot be stressed enough” (Agrawal and Khanna 2015).

In a nutshell, the time has now come for building a strong policy framework for the overall development of the SE sector. And certainly the path to architecting it requires careful deliberation and involvement of a wide variety of stakeholders. The entrepreneurial activities or ventures carrying seeds of social concern are being established and managed in diverse geographical contexts and organizational forms across India. There are limitations in the Indian SEs as they lack sectorial recognition, and there is no uniform understanding of the concept till date. Per se there is a deficiency of regulatory framework or any formal recognition system for SEs in India. The Indian social entrepreneurs are majorly deprived of formal sectorial benefits like tax breaks or incentives, etc. There is dearth of even definitions and a wide diversity prevailing among the organizational forms adopted by SEs within India (Satar et al. 2016). The multi-dimensional nature of social ventures, as well as the variegated nature of social problem solving in India, poses substantial challenges with regard to defining and delimiting the boundaries of SE operation.

15.4 Conclusion

As demonstrated in the India and UK case studies social enterprise is playing a pivotal role in local communities. In the examples illustrated, it is evident that social enterprise can provide a positive catalyst between the government and the voluntary sector. However, there are regional variations with regard to what a social enterprise is, and, as discovered in this chapter, the Scottish government has a different interpretation of how social enterprises perform as an idea. Though lacking, social enterprise is laudable of determined admiration as, at the very least, it is emerging social movement—a sign of “an activist democracy, in which well-informed citizens know their rights and feel empowered to take matters into their own hands” (Kapur 1998, p. 44). Social enterprise, thus, indicate the materialization of a new “outward looking culture, receptive to new ways of understanding the world and prone to bouts of self-reinvention” (Kapur, 1998, p. 44). Even if the concept of social enterprise itself cannot radically revolutionize the established structures of the for-profit and nonprofit sectors, it is valuable in its capacity to bring us one step nearer to recognizing the idyllic model of a legitimate capitalism.

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