

# The Extent of Corporate Social Responsibility Towards Social Equity A Catalyst to Inclusive Growth and Sustainable Development – A Comparative Analysis

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## ABSTRACT:

Over the years, corporates have contributed much in creating a more equitable, fairer, and more just society. Yet they have much more to contribute. As a core value in CSR, social equity is no longer novel or new. Nevertheless, during the past decades, as social equity has grown in importance. Institutional reforms associated with neoliberalism and good governance have altered the roles and responsibilities of states and transnational corporations in relation to social development. Increasingly such firms are engaging more directly in social service provisioning through privatisation, claiming to be more responsive to the concerns of multiple stakeholders through corporate social responsibility, positioning themselves as partners in poverty reduction, and becoming more proactive in standard setting and privatised governance. Four central components of equality are considered: social protection, rights, empowerment and redistribution. It is argued that the contribution of CSR in relation to these different elements varies considerably. Most CSR initiatives focus on social protection. Belatedly CSR discourse has embraced issues of labour and other human rights but CSR practice associated with the realisation of rights lags well behind. Other dimensions of equality related to empowerment and redistribution remain relatively marginal in the CSR agenda. Given the extent of anecdotal or piecemeal evidence regarding the impacts of CSR, attention has turned in recent years to developing frameworks that identify a range of policies, practices and effects that need to be examined to adequately assess social and developmental aspects. This paper attempts to contribute to the discussion by focusing on the contribution of CSR to equality and equity, here in terms of minimising deprivation, enhancing equality of opportunity, correcting gross imbalances in the distribution of income, wealth and power, and social justice.

## KEY WORDS:

Social inclusion, sustainability, CSR.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable — to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society including economic, social, and environmental. To engage in CSR means that, in the normal course of business, a company is operating in ways that enhances society and the environment, instead of contributing negatively to it.



The potential benefits of CSR to companies include:

- better brand recognition
- positive business reputation
- increased sales and customer loyalty
- operational costs savings
- better financial performance
- greater ability to attract talent and retain staff
- organisational growth
- easier access to capital

### **CORPORATE SOCIAL RESPONSIBILITY FUNCTIONS**

The United Nations Industrial Development Organization notes that common corporate social responsibility functions include:

- Responsible sourcing of materials and supplies
- Employee, vendor, customer and community engagement and relations
- Adherence to labour standards
- Environmental protection and management
- Anti-corruption measures
- Upholding social equity, gender equity and other human rights goals
- Conservation of resources, like water and energy, in production

### **KARUR VYSYA BANK**

The KarurVysya Bank Limited, popularly known as KVB, one such endeavour, was set up in 1916 by two great visionaries and illustrious sons of Karur, the Late Shri M A VenkataramaChettiar and the Late ShriAthi Krishna Chettiar to inculcate the habit of savings and provide financial assistance to traders and small agriculturists in and around Karur, a textile town in Tamil Nadu.

Though the bank started with a seed capital of Rs.1 lakh, it has withstood innumerable changes and challenges in the past few decades and has profitably emerged as one of the leading banks in India without compromising on its fundamentals.

KVB has consistently maintained strong fundamentals with a higher percentage of Capital Adequacy Ratio than mandated by the RBI. KVB has also been generating profits and rewarding its stakeholders with handsome dividends since

inception. KVB is one of the earliest banks in the country to achieve full networking of its branches under Core Banking Solutions. The Bank has always been a frontrunner in adopting and leveraging on technology to offer products and services to its customers. The Bank was one of the pioneers in deploying ATMs, Bunch Note Recycler Machines, fully automated passbook printers & Cheque Deposit Kiosks as a move towards self-service banking. The Bank also set a blazing trail in implementing Internet Banking and Mobile Banking to its customers.

### **Vision**

Delight customers continually by blending tradition with technology to deliver innovative products and services at affordable rates through a pan India branch network.

### **Mission**

- Adapt technology to introduce innovative products and services as well as increase the value of products on an on-going basis and provide them at reasonable rates.
- Expand branch network to reach the top business centres, besides unbanked and under banked areas in the country;
- Strengthen the financials through effective deployment of funds and ensuring financial discipline while adhering to the regulator's guidelines
- Update the knowledge and skills of the human capital to provide quality customer support.

### **CSR activities undertaken**

The Bank specifically focuses on the following:

(a) Promotion of sanitation through construction of toilets in educational institutions with particular focus on institutions for girls, providing sanitary napkin dispensers and incinerators in educational institutions; contribution to the Swach Bharat Kosh of the Central Government

(b) Providing clean drinking water by way of setting up RO plants, especially in rural centres.

(c) Support to education through construction of classrooms, providing classroom equipment like benches, computers, laboratory equipment, sports facilities & equipment and the like

(d) Promotion of sports by sponsoring sporting events at various levels; providing financial support to budding sportspersons

(e) Promotion of arts and culture by sponsoring events featuring dance and music

(f) Protection of environment and its sustainability by developing green parks, gardens etc. at various important public locations like educational institutions, public libraries, bus / railway stations

(g) Any other project found suitable and falling within the definition of CSR activity as spelt out under Schedule VII of the Companies Act, 2013.

### IMPLEMENTATIONS

In accordance with the Rules, the actual implementation of various CSR activities will be undertaken by a Trust specifically set up by the Bank for the purpose. The Trust will administer the CSR activities. Setting up of such a Trust would have the following advantages:

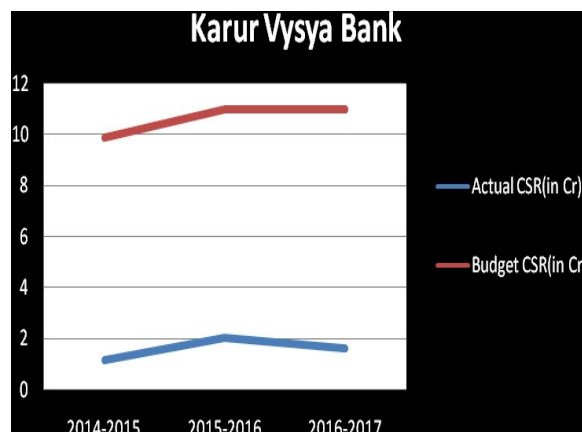
- Exclusive focus on the CSR activities and the projects/programmes funder under CSR
- Implementation and monitoring of certain CSR activities calls for special exposure and expertise in social entrepreneurship.
- Flexibility of engaging those specialists will be available to the Trust.
- Projects/Programmes of long duration and high scalability can be initiated and monitored for long periods.
- Bank will get more recognition through activities carried out by the Trust rather than carrying on in partnership with other agencies.

### Regulation and control

- The CSR Committee of the Board shall institute a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Bank. A time frame shall be fixed for all CSR projects/activities for their timely completion with suitable milestones.
- The KarurVysya Bank shall monitor the project's progress (including impact assessment/ evaluation) either directly or through professional institutions/

independent research institutions /other outside agencies.

- The Policy will be reviewed as and when required to bring desired modifications/improvements. The Bank will try to engage the employees in the CSR activities and to the extent possible provide managerial and administrative support in the form of deputation of staff, nominating staff as ex-officio members of the Trust.etc and arrange for training to staff members to carryout CSR activities.
- Bank may also provide opportunities to employees to participate in the CSR activities on a voluntary basis and initiate necessary awards/recognitions to motivate the employees for such participation.



Standard error of mean: 0.19376

Variance: 0.113

Standard deviation: 0.33561

### ICICI BANK

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000, ICICI Bank's acquisition of Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary

market sales by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses.

The objective of the Bank is to pro-actively support meaningful socio-economic development in India and enable a larger number of people to participate in and benefit from India's economic progress. This is based on the belief that growth and development are effective only when they result in wider access to opportunities and benefit a broader section of society. The aim is to identify critical areas of development that require investments and intervention, and which can help to realise India's potential for growth and prosperity.

The Corporate Social Responsibility Policy (CSR Policy) of the Bank sets out the framework guiding the Bank's CSR activities. The Policy also sets out the rules that need to be adhered to while taking up and implementing CSR activities.

#### **CSR activities undertaken**

- a) To improve the quality of education in government and municipal schools, which account for the majority of the school going children in our country.
- b) Creating awareness about the health issues and facilities to cure them; provide affordable healthcare facilities.
- a) Enabling Indian youth to gain skills to
- b) create employment opportunities.
- c) To improve the overall low economic condition of the lower income groups and to empower them to overcome the inequalities through financial inclusion.
- d) Encourages employees in CSR activities.
- e) Provide support to specific needs during natural disasters through financial and logistics support.

The CSR Committee has duly formulated the CSR policy which has been approved by the Board as prescribed under CA2013.

- The CSR plan would operate as prescribed by the CSR Committee and under its supervision.

- Activities undertaken by the Bank may include projects being implemented directly by the Bank as well as contributions to ICICI Foundation and other eligible entities with track record and standing in line with regulation and as may be decided by the CSR Committee from time to time.
- The responsibility for implementation of identified activities/ projects shall be as per the organisational structure approved by the Managing Director & CEO.
- Funds would be disbursed in accordance with the directions of the CSR Committee.

#### **Monitoring**

The CSR Committee shall ensure a transparent monitoring mechanism for CSR activities.

- The CSR Committee shall review the progress of CSR activities at least twice a year, including the annual review.
- The Board of Directors shall review the progress of CSR activities at least annually.
- The activities of ICICI Foundation for Inclusive Growth (ICICI Foundation) would also be overseen by the Governing Council of ICICI Foundation.

	<i>Actual CSR(in Cr)</i>	<i>Prescribed CSR(in Cr)</i>
2014 - 2015	<b>156.00</b>	<b>172.00</b>
2015 - 2016	<b>172.00</b>	<b>212.00</b>
2016 - 2017	<b>182.00</b>	<b>200.00</b>

**Standard error of mean: 7.68838**

**Variance: 177.333**

**Standard deviation: 13.31666**

#### **Suggestions to Correct Deviations:**

- a) The Bank will ensure that its CSR projects are non-discriminatory in nature and do not have any restrictive political or religious affiliations.

- b) The programs/ projects should be within the areas recommended / listed by the CSR Committee and mentioned in the Policy.
- c) The programs/ projects should be beyond business as usual.
- d) The programs/projects should be implemented within the country and preferably in areas where the Bank has its presence.
- e) The Bank should actively consider Programs/Projects that have been identified by employees and also those where employees are directly involved through volunteering efforts.
- f) Programs/Projects that integrate business models with social and environmental priorities and processes in order to create shared value should be encouraged.
- g) The Bank should consider Programs/Projects closely linked with the principles of sustainable development.
- h) Programs/Projects should not be exclusively for the benefit of employees of the company or their family members or those that are conducted/undertaken exclusively in pursuance of the normal course of business.
- i) Any surplus, generated out of the CSR activities of the Bank, should be ploughed back to the CSR Initiatives of the Bank.

## **CONCLUSION**

To conclude with, CSR should be inbuilt into the functioning of various activities of corporate sector. It should be a way of life for them. In more revealing words, CSR does not mean 'earning money by hook or crook and diverting portion of it as tax saving measures or otherwise in name of welfare activities'. Purity must be in the beginning, during the process and at the end with all CSR activities. There are various activities such as design, planning, production, commercial, HRD, quality assurance to be performed by a company in corporate sector. Performing all these activities in a right manner at the right time by the right people will result into right product meeting the requirements of customers. Such companies will be truly socially responsible, and would not hesitate in diverting a portion of profit for public good. All employees of corporate body should be trained and re-trained on-going basis to enhance their spiritual quotient. Enhancement of Spiritual Quotient (SQ)

is the need of hour. The quality should be the concern for all.

Framing 'The Code for good CSR practices' requires extensive deliberations among various stakeholders. The key stakeholders are management of corporate entity/body, employees of corporate body, government regulatory authority, members of community and Non-Governmental organizations. A professional consultancy organization, too, may be involved in the exercise. Spiritual leader/organization, too, may be involved in the process to ensure that ethical considerations are given due weightage in 'framing of good CSR code'. Although the forced changes do not bring lasting solution, there is need for consensus on basic objectives and purposes of CSR and common strategy for the same.