Chapter II

Review of Literature
REVIEW OF LITERATURE

2.1 Introduction

This chapter provides a detailed review of existing literature on the topic of CSR and inclusive development. As we are aware, there is no dearth of literature on CSR. Ever since the development of the term, there has been an attempt by intellectuals as well as the corporate sector to understand the diverse aspects of CSR. Hence, CSR is a well-developed concept in terms of theories, approaches, models and experiences. However, with regard to CSR and inclusive development, there are very few studies available in CSR, in academic literature, is predominantly perceived as the role of the business sector in sustainability, corporate ethics, transparency in decision making, environmental responsibilities etc. The impact of CSR in inclusive development is not studied explicitly. This is particularly true within the context of India. Therefore, the present research attempts to fill the gap in existing scholarship on CSR and inclusive development.

This chapter doesn’t intend to review all the existing studies on CSR. Rather, the focus is on the previous studies and models that highlight the role of CSR in inclusive development. In this endeavor, an attempt is also made to define the concept of CSR and explain major theories and approaches towards CSR. A brief review on the existing research on CSR in India and Kerala is also attempted, though literature is limited.

The key sources of review of literature include books and published articles. Apart from that, reports of the World Bank, ADB, UNDP and the major global research consultancies were also used. Blog articles and reports
of non-authentic sources were avoided. Sustainability reports of some of the key corporate giants in India including Sobha Developers, Tata Sons and Hindustan Latex Limited were also consulted to understand their CSR strategy and policy towards inclusive development.

2.2 Definition of CSR, Key Features and Significance

As a concept CSR is originated in 1953 with the publication of Howard R. Bowen’s book on “Social responsibilities of Businessman”. Nevertheless, the origin of corporate responsibility dates back to the 18th and 19th centuries in which corporate paternalists articulated the need for the obligation towards society while doing business (Bowen, 1953). The intellectual debate on CSR, however, began with the publication of Bowen’s book in which he had highlighted the need for providing weight age for social implications of business along with economic interests. Hence, the first definition of CSR is given by Bowen. According to him, CSR implies ‘the obligations of businessmen to pursue those policies, to take those decisions or to follow those lines of action, which are desirable in terms of the objectives, and values of our society’(Bowen, 1953). Further he argued that ‘the doctrine of social responsibility is or might be a practicable means towards ameliorating economic problems and attaining more fully the economic goals we seek(Bowen, 1953). From this definition given by Bowen, it is evident that he perceived CSR as a pragmatic option to address societal problems which are difficult to address through state policies alone. Because of his seminal contribution to the concept of CSR in modern parlance, Bowen is considered as the father of the concept of CSR.

Selekman’s book on ‘Moral Philosophy of Management’ (Selekman, 1959) and Eell’s book on Corporate Giving in a Free Society also endorse the views expressed by Bowen and substantially contributed to the early definition and understanding on CSR (Eells, 1956).

After the 1960, as a concept, CSR became more succinct and concrete. Keith Davis was one of the most prominent writers of this period who has explained CSR very clearly. According to Davis, CSR is “businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest” (Davis, 1960). He argued that though CSR seems to be a nebulous idea, it can be justified because the social interest will in turn enhance economic benefit of the firm in long run. He thus articulated CSR as a way to increase business power as well. Hence, it was a widely accepted definition and approach towards CSR in the coming years. In his theory of Iron Law of Social Responsibility’ he highlighted that the “social responsibilities of businessmen need to be commensurate with their social power” (Davis, 1960).

According to Frederic, “Social responsibility implies a public posture toward society’s economic and human resources and a willingness to see that
those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms” (Frederick, 1960) from this definition it is evident that CSR is seen as an obligation towards public causes. He further explained that the means of production should be used in such a way that the total benefit deriving out of the usage should enhance the social and economic welfare of all the people rather than the business entity alone. Here also, we can assume that the definition is more inclusive and broader than the definition provided by Davis.

Mc Guire is another significant contributor in this early debate on CSR. In his book “Business and Society”, he defined CSR as “The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations”. He further elaborated the nature of responsibilities such as contribution to education, social welfare, happiness of employees etc. (McGuire, 1963).

Walton further enhanced the definition of CSR and argued that social responsibility should be taken into consideration when an organization designs its corporate goals and agenda. He defined CSR as this: ‘CSR recognizes the intimacy of the relationships between the corporation and society and realizes that such relationships must be kept in mind by top managers as the corporation and the related groups pursue their respective goals’ (Walton, 1967), Harold Johnson, defined CSR as “the pursuit of socioeconomic goals through the elaboration of social norms in prescribed business roles; or, to put it more simply, business takes place within a socio-
cultural system that outlines through norms and business roles particular ways of responding to particular situations and sets out in some detail the prescribed ways of conducting business affairs” (Johnson, 1971). He emphasized that a firm should consider multiple interest rather than focusing only on promoting the interest of the shareholders. Thus a socially responsible company must consider the wellbeing of employees, suppliers, dealers, community and the nation. This definition is extremely relevant in the contemporary era and reflects the broader dimensions of CSR. Further, he added that CSR should on one hand maximize profits and on the other hand maximizes utility. In short, his definition articulates three core attributes of CSR: promotion of multiplicity of interests, profit maximization and utility maximization of a firm through use of CSR (Johnson, 1971).

Later period witnessed the expansion of the meaning of CSR. Ethical aspects of business, respect towards law and promotion of the interest of all stakeholders were considered as integral to CSR. In this context, the definition given by Carroll is worth mentioning. CSR involves “the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible . . . then means that profitability and obedience to the law are foremost conditions to discussing the firm’s ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent” (Carroll, 1981).

Carroll identified four core dimensions of CSR including economic, legal, ethical and philanthropic (Carroll, Business and society: managing corporate social performance, 1981). From the definitions of Carroll and the
criticisms of Peter Drucker about the hypocritical nature of CSR, the scope of the concept enlarges further. The emergence of CSP- Corporate Social Performance is an example.

With the emergence of environmental movements across the world, corporate companies were forced to look into the environmental implications of their business. As a result, sustainable development and environmental goals have become part of CSR activities. In this context, the definition of CSR during 90s and the new millennium reflect environmental and sustainable aspects of business.

The World Business Council for Sustainable Development defined CSR 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 the local community and society at large” (WBCSD, 2000).

In another similar definition, Ohrling describes modern CSR as a “Structure where organizations are going beyond existing laws and regulations that relate to issues such as environmental, work safety, health and investment in the environment they operate in”. CSR is often divided into three different areas of responsibility: economic responsibility, social responsibility and environmental responsibility”(Graf storm, 2010).Grafstrom divided CSR into environmental responsibilities, social responsibilities and financial responsibilities.
Financial responsibility implies that an organization must operate in a way that favors free market and competition. The organization’s environment must seek to promote development and growth, abide by existing laws, but should also create and uphold voluntary standards to comply with good financial responsibility and principles. Such principles include corporate governance, corruption, consumer protection and good corporate citizenship (Grafstorm, 2010). Social Responsibility implies the societal obligations of the corporate. Environmental responsibility implies that organizations should seek to expand their policies on environment and global warming. Earlier, it was unusual for organizations to extend their environmental policies beyond the existing statutory requirements. But now, many organizations have an expanded environmental policy. This includes taking greater responsibility for the external environment, waste management and projects that cultivate the local or greater global environment (Grafstorm, 2010).

Apart from environmental dimensions, in this period firms began to perceive CSR in terms of organizational goals and strategies as well. Companies used CSR as an effective tool to enhance their brand value among the consumers. In this context, there are many scholars who defined CSR as a natural component in the process of building a brand. Corporates realized that although the material value of a brand, which is of the physical and tangible nature, is important, the intellectual or intangible values also play a more crucial role for enhancing the brand image of organizations (Lafferty, 2007). In a highly competitive climate, it is important to realize that the soft
values are needed in order to build a brand reputation and thereby giving it a competitive advantage.

When the world’s largest oil company Shell lost its reputation and revenue due to environmental accidents, scholars explained that environmental issues have become increasingly important and can have a direct effect on brand perception (Crawther & Guler, 2008). According to Ven, (Ven & Graafland, 2008) one of the benefits of CSR is the enhancement in reputation and brand management, which has a direct link to profitability. In his study Grafstorm argues that it is necessary for business to change its perception of social and environmental considerations because it pays to do so (Grafstorm, 2010). Consumers are increasingly evaluating the brand and the organizations’ reputation becomes an important factor and consideration (Ven & Graafland, 2008). Corporate Social Responsibility is becoming important when consumers are purchasing new products because, we live in an emotional economy, in which it is important to constantly nurture the soul of the brand and its underlying values (Ven & Graafland, 2008).

By fostering and nurturing strong values, the organization can create powerful emotional ties with their consumers (Edwards & Day, 2005). Progressively, more organizations seek to integrate appropriate moral positions when developing their brand, since values and emotions associated with brands are increasingly a permissible cause for a high price (Edwards & Day, 2005). Consumers are willing to pay not only for a brand’s practical benefits but also for its emotional ones. Therefore value creation should be a crucial factor for any organization (Edwards & Day, 2005)
As Miji further argues that the trend of voluntarily use and softer values are more pertinent in western countries and cities (Miji, 2011). In his report he argues that two of the most important motivations behind CSR are “access to capital and increased shareholder value” and “reputation and brand management”. According to Miji, the motivation to use CSR and CSR communication to enhance a brand is more prioritized in specific industries such as retail and supply chain (Miji, 2011).

Therefore, the scholars of the later period, considered CSR as the core value of the organizations that can immensely contribute to brand value (Luo & Bhattacharya, 2006). The major contributions in this category include research papers of Pirsch (Pirsch, Gupta, & Grau, 2007); Luo (Luo & Bhattacharya, 2006) and Laferty (Lafferty, 2007).

Another interesting dimension of CSR is provided by Matten and Moon who highlighted its explicit and implicit nature (Matten & Moon, 2005). According to the authors, some companies follow CSR explicitly where as others do it in an implicit manner. **Explicit CSR** implies “the voluntary, self-interest driven policies and programmes and strategies by corporations addressing issues perceived as being part of their social responsibility by the company and/or its stakeholders”. **Implicit CSR** “consists of values, norms and rules which result in (mostly mandatory but also customary) requirements for corporations to address issues stakeholders consider a proper obligation upon corporate actors” (Matten & Moon, 2005).

While looking at the definitions of CSR, it is evident that the landscape of CSR has undergone many changes since inception and now it has become
a core element of corporate entities. In 1977 only less than 50% of the Fortune 500 companies mentioned about CSR activities in their reports. But by 19990, about 90% of the Fortune 500 companies took CSR as the core value of their organization. In a study conducted by Boli, it is estimated that around 91% of the organizations described the CSR activities in their annual reports (Boli & Hartsuiker, 2001). In short, it is evident that in the early period, the focus of CSR was on macro-social initiatives and the strategy was philanthropic whereas by the end of the century it has become more managerial, implicit and organizational (Paul Lee, 2008). The following Table explains the changes in CSR concept during the last 6 decades.

2.3 **Major Theories, Models and Approaches**

There are many theories and approaches towards CSR. This section attempts to discuss some of the major approaches and theories in CSR.

2.3.1 **CSR as Charity and Core Value**

According to Grafstorm, there are two main approaches in CSR. In traditional CSR, it is perceived as a charity. The second approach is that the organization views CSR as part of its core value (Grafstorm, 2010). It is important to point that these two approaches do not necessarily need to be mutually exclusive. When one equates CSR with charity it is often a question of individual projects with charities, such as donations (Grafstorm, 2010). An example of CSR as charity is when IKEA, one of the largest furniture manufacturing companies of the world, at the end of 2007, donated a dollar to UNICEF for each stuffed animal sold. There is an on-going trend that shows
that many organizations strive towards achieving a responsible profile by targeting sponsorship activities towards the community (Grafstorm, 2010).

Contrasting with charitable CSR, which is relatively externally focused, a CSR based on core values focuses more on the internal operations of the organization (Grafstorm, 2010). In this case, the organization tends to assess how it operates and take environmental and social consideration towards its own business as well as the external society. It is through its core values that the organization can distinguish and minimize those moments or processes that affect the environment or society in a negative manner. For example, a responsible way of conducting business could be to consider environmental and social issues earlier and visualize its impact on the entire supply chain (Grafstorm, 2010). Abandoning child labour in supply chain, sourcing of products from eco-friendly sources and provision of safety measures for factory workers are examples of CSR as core value. This view is further supported by scholars like Ven (Ven & Graafland, 2008) and Urde (Urde, 2003).

2.3.2 Pyramid and Concentric Models of CSR

In his study, Geva explains two models of CSR. These are the Pyramid Model and Concentric model of CSR. (Geva, 2008). The first model, the pyramid of CSR, provides the initial perception of CSR. The second model, Concentric Circle Model of CSR, provides a more developed understanding of the area. The Pyramid model was developed by Carroll (Carroll, 2003). According to this model CSR implies “economic, legal, ethical and discretionary expectations that society has of organizations at a given point in
time”(Carroll, 2003). The model argues that organizations should consider these expectations from society and try to avoid tensions by incorporating the economic, legal, ethical and discretionary obligations (Geva, 2008).

Under this model, the four responsibilities include economic, legal, ethical and philanthropic responsibilities. Financial responsibility is primary and it implies that an organization should focus primarily on financial goals. Furthermore the organization must also take account of the legal frameworks and the expectations about entrepreneurship that is not governed by laws. Under this model, CSR also includes the philanthropic responsibility, which means that the organization should donate time and money towards charitable causes. The major limitation of this model is its conventional perspective highlighting the charity approach towards CSR. Philanthropy is given relatively less importance compared to other responsibilities.

The concentric model is recreated as three circular fields with the same midpoint. The innermost field is the organization’s financial responsibility. Then, around the organization’s core, is the intermediate circle - the laws governing the organization. In the next field, we find the organization’s ethical responsibility. It shows that the organizations financial aim should be synchronized with an awareness of ethics and morality. At the forefront there is a fourth philanthropic circle. It corresponds with the responsibilities that the organization needs to adapt to in order to provide a broader and wider contribution to society. The Concentric circle model of CSR demonstrates the interaction between these fields where the organization has an inescapable duty to assume all its responsibilities(Geva, 2008).One can read the model in
two ways: from inside to outside and from outside to inside. The ‘inside-out’ perspective shows society’s influence on corporate culture. This external influence contributes to the fact that social wellness is maintained in the organization’s core values. The opposite approach highlights the integration of social norms or charitable work in the establishment. The message of the model is in particular that organizations need to incorporate social concerns in their core values (Geva, 2008).

While, the Pyramid model views the responsibility of an organization from a narrow self-interest and profit seeking perspective, the Concentric Circle model perceives it in terms of CSR perspective. In the Pyramid model, importance of the different responsibilities is scaling down as economic responsibility is the most important and philanthropic responsibility is the least important one. But in contrast, the Concentric Model highlights the inter-relationship among various responsibilities and focuses on the significance of non-economic responsibilities over economic functions (Geva, 2008).

In short, CSR is a term describing a company’s obligation to be accountable to all of its stakeholders in all its operations and activities. Socially responsible companies consider the full scope of their impact on communities and the environment when making decisions. They try to balance the needs of stakeholders with their need to make a profit.

Garigga and Mele classified the CSR theories into 4 categories (Garriga & Mele, 2004). These are Instrumental Theories, Political Theories, Integrative theories and Ethical theories.
2.3.3 Instrumental Theories

The first group is instrumental theories in which CSR is perceived as a means to increase economic profit of the company. One of the core supporters of this approach is Friedman who argued that the sole responsibility of the business is to increase profit and all other motives are hypocritical window dressing (Friedman, 1970). Recently many scholars supported this view and considered CSR as an effective instrument to attract the support of the stakeholders and increase profit through more acceptability (Garriga & Mele, 2004). Windsor supported that an adequate level of reinvestment in philanthropy will be beneficial for the company (Windsor, 2001). Similarly, many studies were attempted to explore the relationship between CSR and financial performance of the company. Among these majority of the empirical research has identified positive correlation between CSR and increase in profit margin of the company. Griffin and Mahon (Griffin & Mahon, 1997); Key and Popkin (Key & Popkin, 1999); and Rawley and Burman (Rawley & Burman, 2000) are examples.

Within the instrumental theories, there are three key approaches. In the first group, CSR is considered as an instrument for maximization of shareholder which will be reflected in the increase in share price. Apart from Friedman, scholars like Jensen also endorse this view (Jensen, 2000).

The second approach focuses on gaining competitive advantage in the market through CSR. Porter and Kramer developed a model of CSR which shows how the investment in philanthropic activities can be used as an instrument to increase competitive advantage in the market (Porter & Kramer,
2002). This approach also emphasizes that competitive advantage of the firm largely depends on the unique interplay of human, organizational and physical resources of the firm (Porter & Kramer, 2002). Scholars like Petrick and Quinn also articulated that proper relationship with primary stakeholders, employees, suppliers and the community would certainly increase competitive advantage in the market (Petrick & Quinn, 2001). Another significant contribution in this model is given by Hart through his Resource based model of CSR (Hart & Christensen, 2002). According to him the CSR activities including investment in pollution prevention, product stewardship, stakeholder integration, shared vision and sustainable development will increase competitive advantage of the firm (Hart & Christensen, 2002). Another interesting contribution is given by Prahalad through his focus on the bottom of the pyramid approach. He urged the companies to change their mindset and perceive the poor as active consumers through investment in effective and strategic CSR (Prahalad & Hammond, 2002). For example, producing a low cost mobile phone will provide communication access to the poor on one hand and contribute to social responsibility of the firm. On the other hand it will certainly increase the profit and competitive advantage in the market (Prahalad & Hammond, 2002).

The third group implies cause-related marketing through CSR (Garriga & Mele, 2004). Cause related marketing is used to create awareness in the society about a specific cause. This reflects the honesty and integrity of the firm towards social causes. Therefore, firms have started using this model as a strategy to increase profit. Smith and Higgins studied this aspect in detail.
2.3.4 Political Theories

Political theories approach CSR from the relationship between society and business. It also considers the power and position of business in society and therefore its political implications. There are mainly two theories in this category: Corporate Constitutionalism and Corporate citizenship.

The initial exponent of corporate constitutionalism is Davis who held the view that business should use its social and political power in a responsible manner (Davis, 1960). This approach highlights that business is a social institution with inherent responsibility towards community. The corporate citizenship theory emphasize on strong partnership with the local community and active involvement in development process in a responsible way. Apart from Carroll(Carroll, 2003), the later exponent of this approach is Wood and Lodgson(Wood & Lodgson, 2002).

2.3.5 Integrative Theories

According to this theory business depends on society for its survival, existence, continuity and growth. Therefore corporate should take the societal demands seriously and integrate them in such a way that business entities conduct business in tune with social values, norms and needs. The integrative theory largely focuses on social legitimacy, social demands and social acceptance as important ingredients of CSR. Within this broad paradigm, there are scholars who viewed CSR as ‘Issue Management’ and considered its key objective as social responsiveness towards specific issues that affect the stakeholders. In this model a social objective is identified and integrated throughout the organization. In this model, CSR process involves
identification and evaluation of issues and designing the managerial social response towards it. Some of the major contributions in this model include the works of Sethi(Sethi, 1975); Greening and Grey(Greening & Gray, 1994); and Brewer(Brewer, 1992).

Another group of scholars viewed the issue management theories as narrow and inadequate to understand the role of social responsibility. They highlighted the ‘public responsibility of corporate sector’ and argued that CSR should actively involve in areas of public policy where in the state is not able to provide sufficient services to the public (Preston & Post, 1981). Public Responsibility arguments are broader and reflect the larger responsibility of corporate sector beyond their involvement in minor projects and issue based strategic involvement. The main supporters of this view are Preston and Post (Preston & Post, 1981) and Vogel (Vogel, 2005).

**Stakeholder approach** is another theory that comes under this paradigm. Stakeholder theory implies that CSR should directly take care of the interest of all the stakeholders of the business including community, employees, suppliers, manual laborers etc. The approach argues that stakeholder management is very important in CSR activities. There are many studies on stakeholder management and its various implications including the research by Burman and Rowley(Rawley & Burman, 2000). The stakeholder theory highlights frequent dialogue with all the relevant stakeholders while designing and implementing CSR.
2.3.6 Ethical Theories

As the name indicates, ethical theory implies the role of ethical and normative considerations in CSR. This theory argues that certain normative principles like Universal Human rights, principles of sustainable development, gender issues etc. should be taken into the core activities of CSR. This model supports the efforts of UN and Brut land Report to incorporate business entities in global human rights and environmental issues (Garriga & Mele, 2004). Ethical theories also include the common goal approach of CSR in which the common good of the society as a whole is identified as important for CSR (Garriga & Mele, 2004).

Apart from the mainstream approaches, there are many approaches and theories in CSR. One important point to be remembered here is that different scholars classified theories into different categories and there are some models which overlap in more than one paradigm. Hence, it is difficult to categorize and classify CSR theories. The other major theories that have not explained in detail in the above classification include Triple Bottom Line Theory and Stakeholder Theory. The following section attempts to explain both the theories as these are relevant in the present research.

2.4 Triple Bottom Line Theory

Triple Bottom Line Theory, popularly known as TBL is an important approach used to analyse CSR activities. TBL is an approach to studying the social performance of an organisation. TBL uses three elements in measuring social performance of the firms. They are financial, social and environmental. In other words it implies the interface between these three elements. TBL
model is closely related to the concentric circle model of CSR. The Concentric Model highlights the inter-relationship among various responsibilities and focuses on the significance of non-economic responsibilities over economic functions. Both the approaches emphasize on non-economic and intangible aspect of business that would lead to satisfaction of the stakeholders and enhancing brand value (Carroll, 2003).

During, mid-90s John Elkington used this approach for the first time and initiated a new framework to measure performance of companies in America. This accounting framework went beyond the traditional accounting method and included non-economic gains of the company including environmental initiatives as well (Elkington, 1998).

Financial ability has long been regarded as the only important indicator of businesses strengths, prospects and contribution to society. Traditionally, in business studies, bottom line implies profit and loss, which is stated in the bottom line of the financial records (Wexler, 2009). It is generally considered as the detailed presentation of expenses and loses in monetary terms. Conventional business studies included only tangible and measurable profits and losses in their balance sheets completely ignoring the social or environmental benefit or loss it created during the period of operation. The triple bottom line theory started questioning this approach and highlighted a “full cost accounting” involving the social, ethical and environmental analysis of cost and benefits (Wexler, 2009). The theory is called Triple bottom line as it adds two bottom lines –social and environmental- in the traditional profit loss bottom lines. Slowly, among the peer concepts and competing concepts,
Triple Bottom Line, became an established concept among businesses, public authorities, organizations and the public (Wexler, 2009). TBL requires that organizations ratio of success is based on more than the financial results of the business. The term was coined in 1995 by John Elkington but became a formal concept some years later (Wexler, 2009).

Many business firms have incorporated strategies in tune with the triple bottom theory (Slaper & Hall, 2011). Social enterprises that incorporate socially relevant and environmentally sustainable business practices thrived during the last decades posing a serious challenge to traditional industries. The flourishing of social enterprises that imbibe the core arguments of Triple bottom line theory in their functioning clearly necessitates the need to exploring the nature and practices of TBL in firms.

There are several studies that highlight the social and environmental aspects of doing business. Elkington argued that organizations should take into account more than the financial dimensions, and also include environmental and social factors (Elkington, 1998). Elkington, thus merged together three different responsibilities, economic, environmental and social to a concept and termed it TBL. The three factors can also be referred to as profit, people and planet (Slaper & Hall, 2011). TBL is the basic foundation for sustainability (Slaper & Hall, 2011). Van Marrewijk also argues that organizations should take responsibility in society (CSR) by taking into account economic, social environmental issues (TBL), which in turn contributes to a sustainable society (Carroll, 2003). The broadest view of TBL is for organizations to capture the complete range of values, issues and
processes in order to maximize the positive impacts of their operations and create additional economic, social and environmental value (Elkington, 1998). A primary stand of this hypothesis is that multiple stakeholders should benefit from an organization’s operations, not exclusively shareholders.

Elkington further argues that business is only sustainable when it takes into account the full spectrum of economic prosperity, environmental quality and social justice (Elkington, 1998). According to Roome the concept of TBL is based on finding and maintaining a balance between the three factors (Roome, 1998). Thus emphasis should be placed on the social and environmental balance and not be subordinate to the consequences of economic self-interest (Roome, 1998). While advocates of the triple bottom line argue that the model contributes to valuable insight in the area of sustainable development, there are various scholars who criticize the concept. They argue that sustainable development is a utopian concept, which is almost impossible for business to live up to. While the challenges of living up to the expectations of the model are questioned, conceivably the most recurring criticism emphasizes the difficulties in the measurement of sustainability (Pava, 2007).

But nowadays, consumers demand not only good value from the organization, but they also require that the organizations achieve results in social and environmentally issues as well. Here, the concept is very much linked to the concept of CSR. Since Corporate Social Responsibility of a firm implies its societal and environmental responsibilities, Triple bottom line theory can be perceived as one major approach to do CSR activities. Also the
environmental, ethical and social bottom lines that the theory postulates can be attained through well planned and executed CSR strategy. Thus both concepts are inter-connected and mutually reinforcing. If organizations do not act in a socially and environmentally responsible manner, this can have a directly negative impact on reputation and sales (Roome, 1998). By means of the Triple Bottom Line strategy business can attain improved financial results if an increased number of consumers have a positive view of one’s organization (Roome, 1998). Another very tangible benefit that arises by using the Triple Bottom Line strategy is brand differentiation in the market place. Surveys show that consumers are more likely to buy a product or service from a socially responsible company (Grankvist, 2002).

As discussed earlier, TBL theory is closely related to the concentric cycle model of CSR. The concentric circle model of CSR is represented as three circular fields with the same midpoint. The inner field represents the organization’s financial responsibility. Then, around the organization’s core, is the intermediate circle - the laws governing the organization. The next field stands for the organization’s ethical responsibility. It shows that the organization’s financial goals should be synchronized with an awareness of ethics and morality. At the forefront there is a fourth philanthropic circle. It corresponds with the responsibilities that the organization needs to adapt to in order to provide a broader and wider contribution to society. This clearly corresponds with the prepositions of the TBL theory that environmental and social responsibilities are equally important like financial responsibilities.
TBL theory is essentially seen as a transformation from the old to new approach in business. Elkington illustrates the transition in the following manner:

### Table 2.1

**Old and New Paradigm of CSR**

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Old Paradigm</th>
<th>New Paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market</td>
<td>Compliance</td>
<td>Competition</td>
</tr>
<tr>
<td>Values</td>
<td>Hard (Economic only)</td>
<td>Soft (additional values also)</td>
</tr>
<tr>
<td>Communication</td>
<td>Closed (Internal)</td>
<td>Open (External)</td>
</tr>
<tr>
<td>Partnership</td>
<td>Subvention</td>
<td>Symbiosis (Win/win)</td>
</tr>
<tr>
<td>Life Cycle technology</td>
<td>Focused on products</td>
<td>Focused on functions</td>
</tr>
<tr>
<td>Time</td>
<td>Wide</td>
<td>Longer</td>
</tr>
<tr>
<td>Corporate governance</td>
<td>Exclusive</td>
<td>Inclusive</td>
</tr>
</tbody>
</table>

Source:-(Elkington, 1998)

According to Fauzi, TBL is derived from the interconnection between financial, social, and environmental elements (Fauzi, Svensson, & Rahman, 2010).

### 2.5 The Stakeholder Approach to CSR

Stakeholder theory is one of the most prominent theories of CSR. Examining stakeholder theory is important because it helps to bring greater clarity to the different types of groups operating within an organization’s external environment. Additionally, by applying stakeholder theory, it helps the organization to better understand impressions of stakeholders upon their organization. As defined by Freeman, stakeholder is seen as “those groups
who can affect or are affected by the achievements of an organization’s purpose” (Freeman, 2010).

Fassin also defined stakeholder and divided it into three different categories: stakeholders, stake-watchers, and stake keepers. “Stakeholders include internal constituents and people who have a real stake in the company, stake-watchers include the pressure groups that influence the firm, and the stake keepers consist of regulators who impose external control and regulations on the firm” (Fassin, 2009). According to Fassin, real stakeholders are defined as those who “possess a legitimate claim, power, and influence” which the organization has a responsibility to (Fassin, 2009). The organization has little reciprocal direct impact on stakeholders even though they enforce regulations and lead to constraints to the organizational functions (Fassin, 2009).

It is important to understand how different stakeholder groups can potentially influence a business. Freeman classifies these influences by stakeholders as economic, technological, social, political, and managerial (Freeman, 2010). An economical effect on an organization by a stakeholder can consist of influences upon its profitability, cash flow, and stock prices. An organization can also affect the economic “well-being” of a stakeholder by having some sort of financial stake within that particular group. Technological effects by a stakeholder on an organization include the prevention of use of specific technologies and or a constraint on what technologies can be produced (Freeman, 2010). Social effects by stakeholders include “altering the position of the organization in society, changing the
opinion of the public about the organization, or allowing or constraining what the organization is about to do with “society’s permission” (Fassin, 2009). The organization may have social effects on a particular stakeholder by helping constraining the stakeholder to engage in certain activities, or by giving the stakeholder a “cause” to rally around” (Freeman, 2010). Freeman, further states how these social effects evolve into political effects, and how actions taken by stakeholders are undertaken to achieve some sort of social purpose. Finally, managerial effects by a stakeholder can include an organization being forced to change it’s “management systems and processes, and even its managerial style and value” (Freeman, 2010, p. 95). Freeman states that by analysing stakeholders in this way “we can understand more details of the cause and effect relationship between an organization and its stakeholders”.

In essence, stakeholder theory includes the following:

1. The firm has relationships with constituent(stakeholder) groups
2. The processes and outcomes associated with these relationships are of interest
3. The interests of all legitimate stakeholders have value
4. The focus of stakeholder theory is on managerial decision-making

Campbell, argues that in order to survive in the financial market, organisations must win the loyalty of various groups such as customers, employees, suppliers, financiers, media, local community and many other groups (Campbell, 1998). Without loyalty from these groups, organisations will have less room to manoeuvre the financial market. Today’s modern and
complex society does not allow organizations to operate in isolation (Campwell, 1998). Various social groups interact with organizations in order to promote their needs, demands and expectations. As organization-public relations become more integrated so does the need for feasible integrated solutions. Organizations need to engage and be genuine in order to build long lasting relationship. Organizations that know what to communicate and to whom, create a more solid stakeholder relations (Campwell, 1998).

There are many criticisms against stakeholder approach. “Stake holding replaces the narrow, but clear, accountability of business to its shareholders with accountability to everyone – accountability so broad as to be valueless” (Vinten, 2000). Opponents of the stakeholder theory argue that business is specific and limited while the theory is too inclusive (Vinten, 2000). Principally, the anti- stakeholder theorists believe that catering for the needs and concerns of stakeholders is not necessarily beneficial for the stockholders. Vinten goes even further and claims that the stakeholder approach is for those who want to enjoy the benefits of business without having the discipline of business and referring to it as “parasitic” (Vinten, 2000). Mahoney, further notices that the approach is too wide and can lead to an organization losing its focus (Mahoney, 1994).

2.5.1 Stakeholder Engagement Strategies

Though stakeholder approach is criticized for diluting business objectives, stakeholder engagement is a very important factor in CSR. In the current era, stakeholder engagement is perceived as a secondary agenda by many companies. According to Heismann, companies tend to conduct a
survey and round table meeting to get the pulse of the stakeholders and start implementing the program without engaging them in the core areas of concern (Heissmann, 2014 ). Naturally, the relationship is just mechanical and not genuine. There is lack of communication between the companies and stakeholders about the CSR programs. This is a serious concern (Heissmann, 2014 ).

In recent years the organization’s stakeholders have come to be seen as partners in far-reaching relationships (In stakeholder engagement, companies mainly use two strategies: Responsive Strategy and Involvement Strategy.

The **Response strategy** seeks to alter other external stakeholders' preferences and actions instead of changing its own operations (Morsing & Schultz, 2006). The organization is the initiator of the communication with the stakeholders. The feedback received from its environment is then used to analyse attitudes and needs for additional impact. The feedback therefore does not have a strong impact on the organization. This is called asymmetric two-way communication because both parties do not have the same negotiation capabilities in the dialogue. Therefore in one way communication it can almost be seen as having a more reactive nature where the organization aims to assure the customer that it is a responsible organization (Morsing & Schultz, 2006). Therefore, responsive strategy is not a sustainable stakeholder engagement strategy.

In an **Involvement Strategy**, the stakeholder has greater influence than in a response strategy. The dialogue between stakeholders and the organization has greater focus. The aim of the organization’s message is to
communicate responsibility, but the emphasis is not only to inform and tell, but also listening to stakeholder feedback. In this case, the organization can usually better adapt its message towards the stakeholders (Morsing & Schultz, 2006).

Involvement Strategy requires that both the stakeholders and the organization is open to compromise, and the dialogue proceeds as a form of negotiation in which both parties are trying to reach consensus about CSR. As the name itself indicates, involvement strategy seeks to engage and involve the stakeholder rather than only seek to communicate to them. By involving the stakeholders in the organization’s CSR efforts, one can say that this strategy is proactive in nature. This type of two-way communication is symmetrical as it gives both parties a level playing field in the dialogue (Morsing & Schultz, 2006). This strategy takes a positive view towards informing and investigating various mutual interests. By involving the stakeholder, the organization has an easier task to understand, adapt and address to the mutual interests. Thus, both the organization and its stakeholders work in a systematic and continuous dialogue. It is also an ethical approach (Morsing & Schultz, 2006).

In the stakeholder involvement strategy, the organization not only influences the stakeholder but is influenced by the stakeholder (Morsing & Schultz, 2006). This strategy in turn leads to better business prospects as the decision has already received approval from the stakeholders. The involvement of the stakeholder can also avoid any legitimacy problems of the CSR initiatives already planned by the organization. This helps in creating
brand value as well. Therefore both strategies play vital role in building brand value as responsive communication. Further, involvement in communication strategies helps understanding customers’ views, expectations and demands from an organization towards its dealing with the community. If these communication strategies are used effectively, organizations will be able to design their CSR activities in tune with the expectations of the stakeholders (Morsing & Schultz, 2006).

2.6 CSR in India

In India CSR has a long tradition and history, though it was predominantly philanthropic and charity focused. The CSR practices developed through charity giving of large business houses, Gandhiji’s trusteeship principle and the active involvement of some of the corporate in Indian Freedom movement (EY, 2013). After independence, Indian corporate like Tata, Birla and Bajaj realised the need for contributing towards social causes through investing in education, health and poverty eradication. But these practices were limited to some localities.

It was only after the 80s that corporates began to engage in CSR strategically. Rather than giving donations to NGOs, they started directly implementing development projects. For example, companies like Bharat Petroleum, Reliance, and Hindustan Unilever etc. adopted some villages nearby the areas wherein their factories are located and supported the sanitation and health needs of the local community. But still it was practiced in a limited scale (Hansindia, 2016).
However, CSR thrived in India, when Companies Act made it mandatory for all the large companies to invest 2% of the profit in CSR. India is the first country that initiated such a regulation. Recently, large number of corporate started investing in strategic CSR initiatives with an aim to enhance their credibility and legitimacy (EY, 2013). The Clause 135 of the Companies Act motivates the companies to spend 2% of their profit after tax for CSR. The Clause 135 is applicable to the companies with (EY, 2013):

- Net worth of 500 Crores or more
- Turnover of 1000 Crores or more
- Net profit of 5 Crores or more.

Apart from that the Act stipulates that each company should have a CSR committee comprising three or more directors of the company and at least one independent director. The committee will be responsible for formulating, implanting and monitoring the CSR activities (EY, 2013).

The government of India also provides guidelines for CSR (EY, 2013). The voluntary guidelines include the following nine principles:

1. Businesses should conduct and govern themselves with ethics, transparency and accountability.
2. Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
3. Businesses should promote the wellbeing of all employees.
4. Businesses should respect the interests of, and be responsive toward all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
5. Businesses should respect and promote human rights.
6. Business should respect, protect, and make efforts to restore the environment.
7. Businesses should support inclusive growth and equitable development.
8. Businesses should engage with and provide value to their customers and consumers in a responsible manner.
9. Business when engaging and influencing public and regulatory policy should do it in a responsible manner.

There are many empirical studies that highlighted the role of CSR in increasing the financial performance of the company. Balakrishnan studied the role of CSR in financial performance of the company (Balakrishnan, Sprinkle, & Williamson, 2011). Apart from that Malik also provides a detailed review of literature on the value-enhancing capabilities of CSR in India (Malik, 2014). In another study Mishra highlighted the positive and negative implications of CSR in India and the challenges involved in it (Mishra & Modi, 2013).

The EY report on CSR in India identifies some factors are the key reasons for CSR initiatives in India. These are:

1. Fostering friendly relationship with stakeholders
2. Enabling innovation and continuous improvement
3. Attracting the best talent with the reputation of CSR
4. Motivation to employees
5. Risk mitigation through effective corporate governance
6. Increased capability to understand stakeholder expectations

7. Enhancing brand value of the company and gaining social acceptance

Studies show that around 40% of the companies in India conduct CSR activities through their own non-profit institutions and trusts. The remaining 60% of the business entities formed separate CSR departments within the organisation and manages CSR activities through this (Balakrishnan, Sprinkle, & Williamson, 2011). Another interesting feature of CSR in India is partnership with other corporate in implementing the program. There are firms that partner with state and local government for implementation of CSR (EY, 2013).

2.7. CSR and Inclusive Development in India

According to ADB Reports, inclusive development implies pro-poor development that ensures participation of the hitherto marginalized sections of society. Unlike the term ‘development’ that emphasizes on changes in basic conditions, health and standard of living, ‘inclusive’ development underlies the equal distribution of the benefit of development in society (ADB, 2009). In an elaborate research paper that explains the distinction between development and inclusive development, ADB experts argue that the Human Development Index is not adequate enough to measure inclusive development.

However, the Millennium Development Goals or MDGs reflects the spirit of inclusive development to a greater extend (ADB, 2009). The paper explains that education, health, pro-poor policies, rural infrastructure
development etc. constitutes indicators of inclusive development (ADB, 2009). The report of World Bank identifies some elements like investment in human capital, provision of micro-credit, access to technology health, education and skill development as the major ingredients of inclusive and sustained growth (Worldbank, 2008).

The UN Report of the World Social Situation defines inclusive development as “the implementation of policies in health, education and economic development that can contribute to development of human capital and enabling the poor to develop their full productive potential”. Addressing all aspects of poverty will increase the chances of future generation to reap the benefits of today’s policies rather than trapped in the cycle of poverty (UN, 2006).

Ravallion explains inclusive development as a concept that involves equity, equality of opportunities, protection in market imperfections and socio-economic safety nets (Ravallion, 2001). Broadly it denotes the policies and strategies that aim to distribute the benefit of economic growth and development equally among the people without excluding the hitherto marginalized sections of society from accessing it (Ravallion, 2001). Manjit defined inclusive growth as pro-poor, shared and broad based development. (Manjit, 2013). According to him, inclusive development attempts to uplift the lives of marginalized and socially and economically excluded people through specific micro and macro-economic policies.

Jenkins, in his study of CSR in global context, examines the growth and development of CSR efforts in development sector. Initially, there was
less interest among the corporate sector to intervene in development issues. This is mainly because of the notion that development is predominantly a state responsibility. But with the decline of nation-state from welfare commitment, especially after the wave of liberalisation and globalisation, development process in less developed countries suffered a setback. There was a vacuum in addressing the fundamental developmental problems of these countries (Jenkins, 2005). In this context, it was the multilateral agencies like World Bank and IMF that suggested the involvement of private companies in development process. Later UN also urged the corporate sector in support development effort in the Third World. As a result, many companies began to invest in inclusive development projects focusing MDGs in the less developed countries. Development agencies like DFID, CIDA, JICCA and Gates Foundation started implementing rural development projects through private support and public-private partnership model(Jenkins, 2005). As the UK’s Department for International Development (DFID) states, ‘by following socially responsible practices, the growth generated by the private sector will be more inclusive, equitable and poverty reducing’(Jenkins, 2005). DFID played a vital role in promoting inclusive development through CSR. Apart from that, World Bank also set up a CSR unit within its Private Sector Development Office. However, there are limited evidences that show the positive impact of CSR on poverty reduction or inclusive development (Jenkins, 2005).

In conventional literature, inclusive growth was perceived as the realm of public policy and state. However, recently, private firms have initiated strategies to ignite change in the lives of poor stakeholders through inclusive
practices in education, economic empowerment, health, and community development (Mishra, Singh, & Sarkar, 2001). Business entities normally use strategies like financial inclusion, subsidized supply of essential commodities, health insurance, micro-credit facilities, free education facilities, skill building trainings, creation of job opportunities etc. as essential step towards inclusive growth (Manjit, 2013).

There are two key models in this approach: Direct and Indirect models. Some business firms strive to achieve the goals of CSR through indirect partnership with government and other NGOs (Mishra, Singh, & Sarkar, 2001). Such models are often managed through funding of selected projects without directly involving in the inclusive development related activities. For examples Gates Foundation funds large number of NGOs across the world to manage inclusive development without directly involving in management of such activities. In the second model, business organizations directly intervene in the activities that lead to inclusive growth and development. In this model, the CSR team coordinates and monitors the entire activities directly (Hansindia, 2016).

Though CSR plays an active role in development, there is relatively less studies on the role of CSR in inclusive development. One of the important studies is conducted by Ismail (Ismail, 2009). In his study, Ismail argues that the very logic of the existence of CSR necessitates its active role in community development through inclusion. According to him, the role of CSR in development can be attained through reducing the negative consequences of industrialization, fostering the ties between corporations and
community, helping the community to get access to infrastructure and technology and finally reducing the environmental impact of the business over the community in which it locates (Ismail, 2009).

In his study, Blowfield argues that using good business practices, companies can reduce poverty through CSR effectively (Blowfield, 2005). Further, the power relationship between the corporate and consumers, employees and community can be used for development goals. However, he feels that companies need to perceive their strategies critically and make it less-business like and more community oriented. He argues that most of the companies still view CSR as a strategic initiative to win the support of consumers rather than their genuine contribution to society (Blowfield, 2005).

The indicators for inclusive growth and development are very difficult to identify. Most of the international agencies have now recognized MDGs as a broad framework to represent inclusive development agenda. According to Tudler, for inclusive growth and development, it is important for the business to invest in creating more job opportunities, tackling MDGs, increasing productivity and supplying necessary goods at reasonable prices for the people (Tudler, 2008). The Global Reporting Initiatives also suggests some core areas in which the CSR need to focus. These include provision of affordable products, creating employment opportunities and building local linkages (Tudler, 2008). The Dutch Sustainability Research Organisation (DSR) identified the indicators inclusive developments (1) community development (local entrepreneurship, the provision of essential products and services), and (2) the provision of employment and living wages (through local
recruitment, living wages, the right to organize and the attention to vulnerable groups). Corporate like ABN Amro and Philips have been using these indicators for their CSR projects (Tudler, 2008).

In India, ever since the growth of CSR activities, companies began to show interest in inclusive development. Most of the corporate companies invest in health, education, infrastructure development and skill building in consultation with local communities. However, there is a dearth of literature on the impact of such efforts in promoting inclusive development. In his study, Subhashish mentions that companies in India mainly focus on institutional mechanism, stakeholder engagement, knowledge management and capacity building (Ray, 2013). It was Manjit who studied the role of CSR in inclusive development in India with specific emphasis on financial inclusion activities (Manjit, 2013).

Recent studies show that, corporate sector in India approximately spend INR 25,000 crore for CSR within the country. If it is utilised effectively, it would have changed the face of rural India. Further, it is estimated that around 75,000 jobs can be created if the mandatory CSR funds were distributed wisely (GN Bureau, 2015).

One of the pioneering empirical study on CSR and inclusive development was conducted Vastradmath. The author has conducted empirical study on selected companies in India and analysed their CSR strategies towards inclusive growth and development (Vastradmath, 2015). The study identified that many corporate companies still conduct their CSR through HR departments and few operate it through local NGOs. The study
further noted that even though the companies claim about inclusive
development, their projects are not directly linked with any of the MDGs.
Education is the most important area of intervention followed by health and
poverty eradication. Another interesting finding is the greater involvement
and participation of stakeholders in all the activities. Many NGOs have
effectively leveraged the benefit of public-private partnership in CSR. This
was the only study that identified the impact of CSR on inclusive
development. However, the impact is not measured using the response of the
beneficiaries. It is calculated using the numbers provided by the companies
(Vastradmath, 2015).

In another study Mishra also explored the role of CSR in inclusive
development. Apart from offering a framework for inclusive CSR, the paper
identified the core areas in which most of the corporate companies invest for
inclusive development (Mishra, Singh, & Sarkar, 2013). On mapping the
broad areas of intervention, it is find that health, education, women
empowerment, water management and livelihood generation are the key areas
in which CSR activities are concentrated (Mishra & Modi, 2013).

In his study, Grover, has shortlisted some of the best companies in
India with CSR activity record and measured their impact on lives. He has
identified the key CSR activities as child welfare, education, micro-credit,
slum improvement, women empowerment, skill building etc. However, the
study has not come up with any concrete measurement on the impact of CSR
on inclusive development. Rather, the effect is reflected in brand value and
brand loyalty (Grover, 2014).
In another study conducted in the context of Karnataka, Shetty analysed the role of CSR in inclusive development. Through empirical research of selected CSR activities of major companies, the research identified the emerging trends in CSR. The key initiatives include child welfare, women empowerment, slum improvement, health care and education. However, the study doesn’t address the impact of these programs on the lives of people (Shetty, 2014).

The report of the CII identifies the core pillars that are required for success of CSR implementation in India. These are: Stakeholder engagement, effective partnership, risk management, corporate governance and responsibility to society (CII, 2014). Stakeholder engagement implies frequent communication and long term partnership with all the stakeholders including employees, community, NGOs, suppliers etc. Effective partnership and information sharing with government, NGOs, community and local government authorities help the companies to reduce mistrust and operational difficulties while implementing the program. Anticipating the probability of risks and effective management of risk mitigation with the help of stakeholders and partnership makes the program sustainable. A transparent, ethical and value based corporate governance system is very important to gain trust and social capital from society and government. Finally responsibility to society in which the business operates is very important in CSR success. The business should be conducted in a responsible manner without affecting the environment and community (CII, 2014).
2.8. CSR and Inclusive Development in Kerala

The study on CSR in Kerala is totally different from other part of the country. There are two reasons for this. First of all, traditionally, Kerala is a state which is much ahead of other Indian states in terms of human development indicators. The health, education and gender indices of development are far better than other states and it is often equated with the developed countries. Secondly, this unparalleled achievement in development indicators is achieved through the active role of state and civil society in the state (Dreze & Sen, 1989). As Amartya Sen describes, Kerala is an example of the positive impact of public action for development. The state has also provided globally renowned models in participatory development, decentralized local governance, active role of social reform movement etc. (Dreze & Sen, 1989). The development model of Kerala is a combine result of land reforms, public participation, civil society initiatives and dynamic intervention of state. Therefore, the involvement of private sector in development process is relatively low in the state compared to other states in India. Apart from that, private sector investment is not a key factor in Kerala’s economic growth. It is mainly derived from remittance and service sector growth (Parayil, 2000).

Hence, it is interesting to note that inclusive and participatory development was the motto of Kerala model development ever since its inception in the 70s. In this context, how does CSR matter in inclusive development? What role is played by business entities in the landscape of active civil society and political involvement in development process? When we examine the history of Kerala, it is evident that the presence of state-civil
society engagements in the state has strongly been associated with the lower-
class mobilization and their constant protest (Parayil, 2000). The development
and crystallization of the so called Kerala Model itself manifests the ‘bottom
up mobilization of the common masses’ produced by state-society
engagement and the resultant deepening of democracy in Kerala (Parayil,
2000).

However, after liberalisation this trend has changed. The retreat of
state from welfare commitment affected the hitherto marginalized and
excluded sections of society. The development pattern of the state led to the
growth of powerful middle level castes, communities and classes and their
interests monopolized decision making process in the state after the dawn of
coalition politics. As a result, the social mobility of the marginalized classes
was blocked (Prabhash, 2001). While the elite castes and communities
attained commanding positions in bureaucracy and professions, and their
organizations established institutions of higher education and healthcare, the
‘untouchable’ Pulayas, with a history of social movement as long or even
longer than of the upper castes, could merely acquire basic civil rights and
enter the lowest tiers of the government (Prabhash, 2001).

Secondly, though Kerala has reduced the percentage share of poor
among its population, the inequalities within the society or cleavage among
social classes seem to be increasing. They need not be exclusively
economical. New dimensions of poverty, vulnerability and social exclusion
pose serious questions to the dominant pattern of development. Displacement
of the people in the name of development projects, environmental problems,
pollution, water contamination and many other related issues were not handled by the political parties effectively (Prabhash, 2001).

It is however important to note that the main stream civil society of Kerala didn’t do anything substantial in addressing the problems of social inequalities of the subaltern and victims of development projects. The democratization of public spaces remained to be silent in the aftermath of globalisation. Osella makes an interesting analysis of this situation. According to the author, “the reason for silence can be two. First, the state has slowly assumed a centripetal force, in and above of all developmental questions of its citizens, through manipulation of public policies. Corollary to this, post-colonial state formations, with its new imaginaries of development and transformation, created enthusiasm, though short-lived, among the people of Kerala. Secondly, co-option of cultural collectivises under the two dominant oppositional political parties resulted to scuttle the autonomous organic voices supposed to be emerged even after the state formation” (Osella & Osella, 2007).

Here lies the significance of CSR in Kerala. Since the state has vacated the welfare spectrum leaving it to private sector, the famous Kerala Model may backlash soon. Therefore CSR can be perceived as an effective tool to ensure the participation and inclusion of the poor in development process. But unfortunately, there is hardly any literature on the CSR activities in Kerala. The existing studies on CSR in Kerala consist of the CSR reports and promotional materials of both public and private sector enterprises in the state. There are reports from KSIDC, Tata Sons, Mothoot, KSFE, Federal
Bank, South India Bank, Kannan Devan, and Sobha Developers etc. that narrates the CSR activities in their respective locality. These reports show that the focus of CSR is mainly on health awareness programs, blood donation camps, skill building and women empowerment. Most of these reports are prepared just for the sake of compliance and the detailed strategy, selection criteria for stakeholders, possible impact, rationale for selecting the locality and target project are not explained in these reports. Therefore, there is a serious gap in empirical as well theoretical approach to CSR in Kerala. The only external study that explains the CSR activities in Kerala is the CII report. The CII report narrates the CSR activities of selected corporate sector in both private and public sector. But the report doesn’t analyse the activities critically (CII, 2014).

2.9. CSR Research: Limitations

This chapter attempted to review the relevant literature on CSR and inclusive development. The researcher collected around 150 empirical research papers, theoretical papers and research reports on CSR from various journal data base, online libraries and the university library.

While reviewing the existing research on this topic, it was realised that although there is abundance of research materials on CSR and its various implication, there is undue importance to business perspective of CSR rather than social perspective. In majority of the research studies, the focal themes were(1) CSR and profit,(2) Impact of CSR on share price,(3) Impact of CSR and social legitimacy of the firm,(4) CSR and brand building,(5) CSR and loyalty of Consumers,(6) Strategies of CSR,(8) Theories of CSR,(9) Strategic
and philanthropic CSR. From this analysis, it is evident that researchers perceived CSR from the lens of corporate sector rather than society. There is less studies on the impact of CSR on poverty eradication, inclusive development, economic growth and employment generation. Also, there are relatively few studies on the actual implementation process, challenges of implementation, outcomes of stakeholder engagement strategy, outcomes and effectiveness of partnership, strategies for community participation etc.

While CSR is studied in the Indian context, most of the studies follow the above mentioned pattern. Except a few research studies, there is predominance of descriptive and conceptual studies that do not contribute to the theory and practice of CSR. There is dearth of research that critically evaluates the concept of CSR as a concept and practice. In short, the CSR research in the country is weak in terms of societal perspective and empirical analysis. The existing research studies are descriptive and narrative rather than analytical and empirical. Apart from that, most of the existing studies on CSR and inclusive development depended on secondary data collected from the CSR wing of the company. The perspective of the beneficiaries is largely missing in the mainstream literature.

When we take the case of Kerala, it is interesting to note that there is hardly any scholastic contribution from the state about the role of CSR in inclusive development. The available literature is limited to reports of the companies that explain their programs and projects. There was no attempt to study the role of CSR in a state like Kerala wherein civil society is very active.
On the whole, the review of literature shows that there is a huge gap in existing literature on CSR and inclusive development in India. Hence, the proposed research attempts to fill the gap—both theoretically and empirically.

2.10. Relevance of Current Research

As mentioned above, there is a dearth of literature on the topic of CSR and inclusive development in general and in the state of Kerala in particular. Hence, the current research is highly relevant. Secondly, this study would contribute to the theory and practice of CSR and inclusive development because unlike the previous research studies, the current research attempts to analyse the impact of CSR activities in promoting inclusive development within the community. Thus, instead of a business perspective, the research will approach the problem from ‘societal’ or ‘beneficiary’ perspective. With this objective the study would use an empirical methodology and conduct survey among the beneficiaries to evaluate the impact of CSR on inclusive development. For measuring the indicators of inclusive development, MDGs will be used as a broad guideline. CSR strategies of public sector Hindustan Latex Limited- will be evaluated using the same indicators. Apart from that, the study will analyse the challenges in CSR implementation, the role of partnership with government and the response of the local community towards the programs.

Thus, this research will contribute to the knowledge and practice of CSR as it is innovative and original research to understand the dynamics of CSR and inclusive development in India. Besides, this would be the first empirical study on CSR and inclusive development within the social context.
of Kerala which is hailed as the best state in terms of social development. It is expected that the study would reveal the problems of implementing CSR in a civil society dominated state like Kerala. Theoretically, this study will be using the framework of stakeholder theory in analysing the impact of CSR in Kerala. Finally, the study would provide policy recommendation for effective CSR practice for inclusive development. In short, the study will enrich both the theory and practice of CSR in India. Therefore, the present study is highly relevant.