

Innovation embedded Corporate Social Responsibility

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Abstract

Combination of innovation and social responsibility of firms leads to corporate social innovation (CSI). Though CSI emanates from business objectives, it expands through social considerations. Improving ease of living, enhancing income and empowering people through societal involvement besides financial profit becomes the paradigm shift from conventional philanthropy of CSR to CSI objectives. CSR activities entail goodwill and enhance corporate reputation whereas CSI activities strive also to produce socially relevant system and corporate culture that can be a source of competitive advantage as well as to generate new sources of revenue. There are a large number of Indian enterprises, who viewed innovation and the social responsibility as a continuous and complementary process right from their inception. There are however, examples, where a few individuals, by their sear determination, collective efforts and innovative drive and methods developed unique corporate structure from virtually zero finance and untrained work force.

KEYWORDS: Corporate Social Innovation, Social Responsibility, Societal benefit, Self-Employed, Griha Udyog , Workers Cooperatives.

INTRODUCTION:

Corporate Social Responsibility (CSR) encompasses activities performed by industries for the betterment of the society, in which they function. Business and society are interdependent and Industry could be a catalyst for social development. The social development in the form of philanthropic activities has been persistent in oriental business ethos and India has the world's richest tradition of corporate social responsibility since time immemorial. The companies act 2013 section 135, however has brought the domain of CSR in India from philanthropic activities to strategic in nature. With the enforcement of the Companies Act in 2014, India became the first country to make corporate social responsibility (CSR) mandatory. By exhibiting ethical, environmental and socially responsive activities in governance of its operations, the corporate can bring value to their business. Industries have resources for man management, expertise in financial management as well as planning and can execute their social responsibility in an efficient manner. The leading areas that corporations usually got involved in were livelihood promotion, environment, education, health, children welfare, protection of girl child, and to some extent for women's empowerment^{1,2}.

Combination of innovation and social responsibility leads to corporate social innovation (CSI). The term CSI, has come in vogue in management circle from the past two decades particularly in the western business. Under innovation, earlier business focused on increasing profit by cutting operational cost, improvement in its energy and water usage and waste reduction, outsourcing jobs or increasing supply chain. CSI now is considered

as the second stage of evolution in CSR where company engages in socially relevant projects including R&D and allots the full range of corporate assets towards the objectives³. However, both the terms namely CSI and CSR may serve the same purpose to the society but CSI seems to be more inclusive and is considered as an extension of traditional corporate social responsibility (CSR) activities for effective social impact^{4,5}. Innovation has emerged a key driver of business growth and sustaining competitive advantage. There is a subtle difference between CSR and CSI. CSI involves synergistic functioning between a firm and external participants to evolve a sustainable solution for certain social problems. CSR activities entail goodwill and enhance corporate reputation whereas CSI activities strive also to produce socially relevant system and corporate culture that can be a source of competitive advantage as well as to generate new sources of revenue. CSI intent to be more challenging, as has an element of serendipity to be successful and requires sustained R&D and HR efforts.

CSI may be considered as a paradigm shift from using outside agencies to achieve corporate objectives, to involving people and empowering them through the participation and as change agent of the corporate and to achieve ease of living and enhancing income. CSI represents a strategic investment of business from within for the larger benefit of society. Corporate social innovation is a spontaneous and continual strategy that combines a number of corporate assets, alone or in collaboration with other sectors to co-create breakthrough solutions to the complex issues that bear on the sustainability of both business and society^{6,7}. Innovation has always been the hallmark of progressive companies. These companies have innovation and social obligation so well interlinked in their planning that they function as complementary to each other. Since a large number of business organizations have access to resources and innovative talent, there is tremendous potential to develop new approaches to solve solutions and emerge as change agents for society. Companies may engage with full potential in societal relevant R&D projects under CSI.

A few selective cases are presented in this review to highlight CSI of enterprises. There are a large number of Indian enterprises, who viewed innovation and the social responsibility as a continuous and complementary process right from their inception. There are examples, however where a few individuals, by their sheer determination, hard work and innovative drive developed unique corporate structure dedicated to improving economically weaker population, from virtually zero finance and untrained work force.

A glaring example where innovative was embedded from the inception is AMUL, a cooperative brand managed by the Gujarat Co-operative Milk Marketing Federation Ltd (GCMMF). It demonstrated that right blends of human capital and technology are necessary for the development and tangential growth of any enterprise. Gujarat Co-operative Milk Marketing Federation Ltd has been a motivating force for other dairy federations as well. It also established that the monetary profit could arrive from small contributions of the work force sticking to a common goal. It simultaneously addresses key societal and environmental challenges for the benefit of the society in which they operate and thrive. More than 36 lakh women deposit dairy produce to the Co-operative milk plant daily and are the owner of this cooperative. The price paid to the member-producers is higher by 15 per cent than the national average and the profit earned by the

company goes directly to their accounts. Nurturing its primary members - the milk producers as well as taking medical care of their livestock by providing veterinary services, is one of the missions of the GCMMF. It is known that livestock produces substantial green house gases. Therefore, to compensate for these carbon foot print, individual members of the federation was motivated to plant trees. As a result more than 5.92 Crore trees were planted between 2007 and 2015^{7,8}. Members were motivated to join the rural sanitation program on war footing to achieve Open Defecation Free (ODF) society. The GCMMF apply social responsibility with innovation-centered structure. It has developed an in-house training module for staff for competence building as well as for trouble shooting of problems. Amul takes a CSI approach to put their market acumen to demonstrate value of their products and services. Today, Amul is the largest Fast Moving Consumer Goods (FMCG) company in the country having a range of products besides milk. They have added 30 new needed products during corona pandemic in the first half of 2020. In spite of rural based business, the brand AMUL invokes high esteem across over 40 countries of the world due to quality and competitive cost⁹⁻¹¹.

Corporate houses are aware that in addition to growing businesses it is of prime important to build responsible and sustainable relationships with the large community in which they operate. A company may engage in societal relevant projects with new ideas and low input cost. Godrej Properties Ltd. (GPL), one of the leading real estate companies in India, has created an innovative model that boosts micro-entrepreneurship within the construction industry. This innovation extends loans to micro and small contractors without a formal financial footprint or credit history. In-spite of twenty percent default rate the company remained hopeful and the innovative idea has created three times bigger loan seeker, which contribute for business expansion. This helps micro contractors connect to new clients. It also reduced transaction costs of business and created information symmetry between clients. This has increased their operation sustainably and the micro contractors find a new role as Godrej's representative.

Novartis, a Swiss Pharmaceutical multinational company operating in India, initiated Arogya Parivar i.e. "healthy family" in 2007 in Uttar Pradesh¹². The objectives under CSI embedded CSR has been to improve overall health of poor people. They emphasize that patient education and local capacity-building is essential to ensure long term success of their business. It became a commercially-viable program. The program started returning profit after 30 months. Since 2007, the sales have increased 25-fold besides improving the health of rural poor, indicating that the initiative has been sustainable. Arogya Parivar has become an essential public health tool, operating in 10 states across India by providing generic and over-the-counter products to treat conditions ranging from tuberculosis and diabetes to pain and cold relief and dietary supplements. The program operates across an area that is home to 70 million people, expanding- their access to affordable products, improved health infrastructure and community education. To address the shortage of qualified doctors in rural areas, the Arogya Parivar team set up a digital platform with Tech Mahindra to connect patients to secondary care specialists through information technology. Doctors provide online consultations and diagnose patients based on an initial screening done by a trained nurse, at patient's place. It is observed that, firms who are highly embedded in the local environment are able to better

understand social problems and take the opportunities for business growth as well as for the social upliftment combining both the CSI and CSR ¹³.

Grass- root Innovation scaling to Corporate Business:

It is surprising that in spite of constituting fifty percent of population, projects focusing on women empowerment have received less attention under CSR or CSI so far. However, there are examples where innovation at the grass root level with meager finance and 'low-brow' work force, a sustainable business of corporate level were established ¹⁴. Unlike NGOs where source of funding can be drawn through various agencies, the examples described below are unique in their endeavor. They have been self-propagating by their collective contributions albeit a meager one but with sound objectives, diligence and firm determination.

Self-Employed Women's Association (SEWA), and Shri Mahila Griha Udyog Lijjat Papad (Lijjat) demonstrated that through shared values, trust, self-discipline, sustained efforts and financial planning at the base of pyramid, one could create corporate level business culture. To build a successful business team out of less privileged poor women workers facing many odds in their daily routine required management skill of high caliber.

SEWA though started by a lone ranger who brought together 'illiterate slum dwellers' women with meager financial support has now grown as "movement" with a mission 'Me to We' is functional in 50 districts of 12 states in India, with a membership of over 1.92 million. By sheer trust, ease of functioning and self-respect this association functions through 85 cooperatives across the country and campaigns for empowering of 'helpless women'. It assist women from various walks of life with different temperament and values, working as artisans, milk vendors, vegetable vendors, gum collectors, quarry workers, paper pickers, salt producers, small and marginal farmers and landless agrarian workers, and health workers. The members of SEWA have access to social services and benefits in the form of health care, childcare, savings accounts, and insurance cover. This umbrella of protection provides them much needed sense of security. It has help paid more than Rs 15 million in insurance claims to 11,000 women. Education and the concept of health promotion are given due importance to the dependent of members. SEWA operates more than 60 health care centers that provide medical treatment, health care training, and tuberculosis control programs. Selected women are trained as "barefoot doctors" that provide health education, information, and distribute low-cost medicines at local level. This brings out latent talent in them. SEWA also runs childcare centers. With the help of the Satellite Communication Network (SATCOM) facility, it conducts programs on management of events during natural disaster and organizing resources, basics of team-building, water conservation, and other important issues. The association aspires for a holistic development required for empowerment and life cycle needs of members. The group of less privileged population had displayed the nuance of management of appreciable caliber. It has made members bold enough to be technology savvy like video making and computer operation to maintain up-to-date records of the association¹⁴.

No less than a wonder venture is the story of Shri Mahila Griha Udyog Lijjat Papad¹⁵⁻¹⁶. It was created by 'magnificent seven' women to achieve a sustainable livelihood for poor house wives with strong grit and determination. It is easier to praise a successful venture like Lijjat but to begin an endeavor with less than one hundred rupees and with lesser educated work force and to scale it up to more than Rs. 650 Cr. in 2012 with Exports of Rs. 29 Cr annually is a stupendous achievement. Moreover it has never accepted any charity, donation, gift or grant from any quarter.

It not about the economics, but the whole gamut of management been demonstrated, is worth emulating. From 15th March 1959 Lijjat has grown into an organization which is helping more than 47000 female members all over the country in both urban and rural settings. Lijjat has a unique corporate culture having core values of a family. They have unique quality control process to maintain quality as per the set standard. The raw material for their products is procured centrally, and distributed to different units at various locations and finished products collected from there. Ever process like procurement of raw material to quality control of finished products runs smoothly. One can imagine that the process, which is prone to various flaws, is carried out satisfactory as per the standard. From humble paped Lijjat has diversified to products like Khakhra, Masala, and Vadi, SASA Detergent Powder and Cakes, Bakery Products, Liquid Soaps, Gehu Atta and Chapattis. At present it has 69 centers in 31 divisions in different states and gives, self-employment to about 42000 sister member all over Indian.

The Uralungal Labor Contract Co-operative Society (ULCCS):

Conventional wisdom of management gurus dealing with workers cooperatives often expresses their apprehension about the survival, growth and functioning of such ventures and predicts them to be less successful and short-lived. The functioning and achievement of Uralungal Labor Contract Co-operative Society (ULCCS) in North Malabar, however is nothing less than a wonder. It is surviving with dignity and making waves in the field of construction.

The ethos of its working is worth emulating which has become the epitome of honesty in a highly competitive sector dominated by powerful, profit-seeking and unscrupulous contractors. Due to the efficient and quality work, the cooperative has acquired an ISO 9001:2008 certification as well as has become a construction giant in the state. The society emphasize on professional governance involving workers starting from policy formulation, execution of work and financial management. The focus of the society is on societal uplifting of the downtrodden by providing appropriate training, job opportunities, by adopting the principles of self-help, self-responsibility, equality, fairness through collective initiative of members by using quality management system. The cooperative's competitive edge comes from high labour productivity, derived from both the effective use of technology and worker's diligence and skill. Members of the society have nurtured a feeling of ownership and responsibility and hence they put the priorities and interest of the society as their own. It has grown to over 12,000 people, making it one of the largest labour cooperatives in Asia. The society has revenue of Rs 1,100 crore in 2018-19, has projects worth Rs 2,700 crore and assets worth a similar amount, from land and quarries to machinery. The society has developed facility for storing and testing of building

materials for quality check. It has stone crusher, granite quarry, crushing equipments, brick manufacturing unit, mechanical workshop in the inventory. The society also ventured into agriculture sector with the motive of providing employment to its laborers the year round. The society owns farm sizing 33 acres, to cultivate various garden crops like coconut, mangoes spices, tapioca etc are underway using only green manure and nature friendly bio- manures.

The Uralungal Labor Contract Co-operative Society has the honour of being the only Indian co-operative society to be a member of International Co-operative Alliance. Uralungal's achievements are shown around the world in the UN documentary. Uralungal Labour Contract Cooperative Society (ULCCS) has made a proud history by completing the construction of two major flyovers at a less-than-budgeted amount and returning the public money it saved to the exchequer Rs 14 crore from the allotted budget of nearly Rs 129 crore work in Kerala^{17,18}.

Concluding Remarks:

CSI may be considered as a paradigm shift from using outside agencies to achieve corporate objectives, to involving people and empowering them through the participation and as change agent of the corporate and to achieve ease of living and enhancing income. CSI represents a strategic investment of business from within for the larger benefit of society. Corporate social innovation is a spontaneous and continual strategy that combines a number of corporate assets, alone or in collaboration with other sectors to co-create breakthrough solutions to the complex issues that bear on the sustainability of both business and society. Lack of financial resources often been quoted as hindrance for carrying out women empowerment and improving lives of the downtrodden, certain cooperatives however, have set examples and demonstrated that it is possible to fulfill the societal mission, with meager finance fortified by strong determination, trust, transparent working, and involvement of the work force both at the planning and executional level. Once the work force becomes the stakeholder of the operation, success is ensured. The cooperative's competitive edge comes from high labour productivity, derived from the effective use of technology and worker's diligence and skill.

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