

CORPORATE AND THIRD SECTOR PARTNERSHIP FOR INCLUSIVE GROWTH

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ABSTRACT

Corporate Social Responsibility recently has assumed a great significance and many corporate houses are voluntarily involved in the assumption of corporate social responsibility. Many top business leaders are generously contributing to the development of the society. This has become a universal phenomenon and fund raising activities for social cause are carried out by the business leaders around the world. In India, most of the companies are voluntarily creating an environment for the upliftment of the members of the society. In spite of the efforts of both Government and business sector inclusive growth programmes have not achieved much success. At the same time business lacks necessary skills required in the social development. So therefore it has to associate either with the Government sector or the Third sector. The government sector with its rigid bureaucratic structure, interference of political leaders and rampant corruption have not able to reach to vast majority sections of the population. The third sector has shown that without any kind of pressure it can reach to vast majority sections of the society and implement inclusive growth programme effectively. The present study therefore finds out possible partnership between the corporate and third sector for inclusive growth in the society. The objective of the study is twofold: - (i) To discuss the need for and possibility of third sector-corporate partnership to achieve inclusive growth in India and (ii) To suggest the means of improving inclusive growth through the partnership between business and third sector. This study examined the role of third sector in the effective utilization of vast business resources in furthering the social development. The study found that there is a great need for partnership between resource rich business enterprises and immense network capabilities of third sector. The study brought out the ways in which the business can partner with third sector. It can be concluded that for the effective implementation of corporate social responsibility programme, business needs the support of third sector in furthering the inclusive growth of society.

KEY WORDS: *Corporate social Responsibility (CSR), Third Sector, Inclusive Growth.*

INTRODUCTION

Corporate Social responsibility (CSR) has recently gained lot of momentum and has become buzzword. So far CSR activities are carried voluntarily by the business enterprises but henceforth it may have to be compulsorily carried out by business enterprises due to the amendment made in the Companies Act in India. As per the proposed amendment business enterprises are required spend 2 percent of their profits on CSR activities. Historically in India business enterprises was carrying CSR activities voluntarily. The tradition of giving in India can be traced from its early civilization. All the religious philosophies always advocated the need for giving to the needy. Even if we look back our successful business enterprises they always pioneered and championed in the welfare of the society. In this respect the Tata group can be taken as role model in India. Azim premji of Wipro group transferred \$ 2.2 billion (Rs. 12300 crore) worth of shares to the Azim Premji Foundation engaged in the educational activities. He also previously donated to the same foundation the shares worth of \$ 125 million in 2001 and \$ 2 billion in 2010. Recently the Government of India proposed amendments to the companies Act and thereby making companies with a networth of Rs 500 crore or more, or a turnover of Rs 1000 crore or more, or a net profit of Rs 5 crore or more, shall spend mandatorily at least 2 percent of their net profits on welfare of society by way of CSR. But already the Indian companies are spending substantial amount as part of CSR on the welfare of the society. First we will analyse how CSR activities are undertaken in India. In India, CSR activities are carried by almost by all the enterprises. It is usually carried by business enterprises by way of donating to charitable institutions, religious institutions, hospitals, educational institutions, orphanage institutions, old-age institutions and the promotion of recreational activities. Many of the business enterprises are also actively involved in the awareness campaign for the eradication of diseases like HIV/AIDS etc. They also involved in the beautification of cities and planting trees. Some of the business enterprises have established separate foundation or trust to carry out CSR activities and many others have separate wing in their business to carry CSR activities. Few of the business enterprises tied with NGOs in discharging CSR. The dynamic concept of CSR is taking different dimensions and now we will try to find what CSR really mean in Indian Context.

Corporate Social Responsibility

There is no universally accepted definition of CSR. Each country according to their culture defines CSR in different ways. In developed and western countries CSR concept necessarily include environmental concerns but less developed countries like India does not emphasise environmental aspects while defining CSR. In India the recently amended Companies Act defines “CSR as a dedicated, professional endeavour by a corporate to assess the needs of the community and the environment through a consultative mode, formulate CSR policy in response to this and initiate activities/ projects through measurable budgets and timelines leading to impactful sustainable development” (Soneera Sanghvi 2013). The World Council for Sustained Development has aptly stressed the improvement in the quality of life as an end and CSR activities are means to achieve better quality of life and it

defines “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 of the local community and society at large” (Shekar seshan 2013).

In India, CSR has moved beyond merely charity and donations, CSR are now practiced in a more organized manner. Now in Indian companies we can find dedicated CSR department or team looking into the specific policies, strategies and goals for CSR activities and allocating budget to support CSR activities. These programmes are organized on the basis clear CSR and social policy of the company. But still some of the companies in India use CSR as a marketing tool which will be in the long run detrimental to the inclusive growth programmes. The Indian businesses need to come out of this and partner with third sector for the much needed inclusive growth activities.

Third Sector

The concept of Third Sector is originally coined in the west and found its relevance all over the world. It was in the year 1973, Theodore Levitt, professor of business administration at Harvard University, published *The Third Sector: Tactics for a Responsive Society*. In the same year the sociologist Amitai Etzioni published *The Third Sector and Domestic Missions*. Together, Levitt and Etzioni stand forth as the founding fathers of the third sector idea. Etzioni, viewed “third sector as an alternative sector separate from and balancing the state and the market, themselves considered separate sectors. If something is ruled neither primarily by market logic nor via a bureaucratic chain of command, it must be part of the “third” sector.” Whereas, Levitt had slightly different idea and he viewed “Third Sector as those institutions which involve themselves in intense pushiness, jarring, rhetoric, massed demonstrations, moral outrage, and sometimes outright violence. With no staff and little money, these associations were functionally autonomous from the society in which they worked and “uniquely manned by people without the slightest aspiration to social position”. Today third sector has grown as a separate independent discipline and is considered important sector in the economy along with government and market. Political institutions, government and law maker are now realizing the pivotal role of third sector in the economy.

Third sector started to grow all over world and reached Asian countries mainly because there had never been a very strong and resource rich central government, the communities took over the responsibility for many aspects of social lives strengthening the societies. (Samiul Hasan 2008). Even in India third sector is becoming a strong and vital sector in the economy. (Sen, Siddhartha 1993). In many of the Asian countries, the central governments failed to do public good and were engaged in self-promotion and economic build-up for themselves and this space was utilized by local social and religious organisations. In the post-liberation period, the political avenues in many Asian countries failed to provide enough scope for political socialisation or interest articulation or interest aggregation. In the face of the political systems’ failure to protect the interests of the underprivileged people, many voluntary and/or community organizations were formed to fill this gap. The socially conscious young people found it difficult to be a part of the political process and become a ‘voice’ in

alleviating the problems of the people with less access to sources of power, property, education and earning. Those dissatisfied people found the Third Sector Organisations to have an appropriate platform to achieve their 'objectives'. (Samiul Hasan 2008).

The failure of successive state and central governments in India, to respond to the aspirations and needs of the masses led to the development of alternative associations/institutions to satisfy their aspirations and desires. The governments also provide financial support to these association/institutions for its expansion. A strong civil group will be advantageous to the government because these organizations can carry welfare measures in a very cost effective manner. Recently, the youths in India are attracted to these associations/institutions and started to actively participate in pressure tactics against the government for the fulfillment of the legitimate rights of the citizens. These civil associations of like minded people carrying mutual public initiative activities are broadly referred as Third sector.

Inclusive Growth

Inclusive growth includes many dimensions like poverty alleviation, employment generation, health, education, social welfare etc. If we look conditions of some sections of population is very pathetic even after more than 60 years of independence of our country. Vast sections of the population, particularly sections like landless agricultural labourers, marginal farmers, SCs, STs, OBC, Minorities and women suffers social and economic exclusion. Inclusive growth implies that these socially and economically excluded groups have to be uplifted so that these sections of the population are also able to enjoy the fruits of economic growth and development. In India, there is great degree of regional disparities, with some states are showing better growth than others. Even within the state there are region wise disparities. Because of this, there is great deal of social and economic exclusion of citizens residing in these areas over the other areas. Inclusive growth implies to bring these regions on par with the economically and socially advanced regions. The lopsided growth of India has resulted into economic opportunities for a few at the cost of economic deprivation of many. The 11th five year plan has already created an awareness of social and economic exclusion and achieved little progress in inclusive growth. Now the 12th five year plan emphasize the social and economic inclusiveness growth and the major focus in the Twelfth Plan will be the consolidation, expansion and strengthening of the various programmes into comprehensive coordinated systems to fulfill the aspirations of these vulnerable sections of the society.

The progress towards inclusiveness is more difficult to assess, because inclusiveness is a multidimensional concept. Inclusive growth should result in lower incidence of poverty, broad-based and significant improvement in health outcomes, universal access for children to school, increased access to higher education and improved standards of education, including skill development. It should also be reflected in better opportunities for both wage employment and livelihood, and in improvement in provision of basic amenities like water, electricity, roads, sanitation and housing. Particular attention needs to be paid to the needs of the SC/ST and OBC population. Women and children constitute a group which accounts for 70% of

the population and deserves special attention in terms of the reach of relevant schemes in many sectors. Minorities and other excluded groups also need special programmes to bring them into the mainstream. To achieve inclusiveness in all these dimensions requires multiple interventions, and success depends not only on introducing new policies and government programmes, but it requires significant intervention of business sector and third sector. In this regard the partnership between the business sector and third sector will be a booster to the progress of inclusiveness of all the sections of the society.

OBJECTIVES OF THE STUDY

The present study has two objectives:

- (i) To discuss the need for and possibility of third sector-corporate partnership to achieve inclusive growth in India and
- (ii) To suggest the means of improving inclusive growth through the partnership between business and third sector.

RESEARCH METHODOLOGY

The present research paper keeping in mind the objectives set for the study employs research design of descriptive type of study. It is because to have greater accuracy and in depth analysis of the research study. The secondary data was widely used for the study. The researcher draws the required data through secondary survey method. Different news articles, books and e-resources are used and recorded.

LITERATURE REVIEW

There are several studies which are basically carried in the western and developed countries regarding the partnership between key players in the social development. But in India, studies carried are few and are at their infant stage. Many of these studies carried are focusing on the tri-sector partnership comprising Government sector, business sector and Third sector. But there very few studies carried on possible need for exclusive partnership between the business sector and Third sector. The tri-sector partnership between Government sector, Business sector and Third sector even though necessary for inclusive growth, it is strongly felt that bilateral partnership are also vital in the progress of inclusive growth. The present study fills this gap in the existing research and thereby undertakes to find out the need and possibility of partnership between the business sector and third sector.

NEED FOR PARTNERSHIP

Partnership between the Business sector and Third sector are necessary when we consider present status of CSR activities. The CSR activities are definitely carried out by business enterprise in a very large scale, but the question remains to be seen that who is benefitting out of CSR activities? Do the socially and economically excluded groups of the society are getting any benefits? Is it reached only to a small section of the population leaving the marginalized from its purview? These questions remains always even after spending huge amounts on the welfare of citizens by the business enterprises.

The business sector sees CSR from the perspective of competitive advantage it gains. It sees CSR as strategic CSR. Many of the time business uses CSR as marketing promotion tool. In fact business always seeks return from their CSR activities. Because of these reasons CSR

activities carried business sector is not able to derive desired positive result in the inclusive growth programmes. Moreover business lacks necessary skills required in the implementation of the programmes on inclusive growth. Many of time it can be seen that business wrongly prioritise social problems and it gives importance to the physical infrastructure problems rather than the quality of the human life. Business most of the times insensitive to the needs of the common man and it views common man only from the point of view of potential customers. It takes only such social problems which affects the interest of the business and ignores real problems of the society. There is also misconception held by the business on the issue of development. Business sees development in terms of income and they ignore all important aspect of human development and they equate economic growth for the development, though the economic growth is only one of the factors in the development. Business sector measures success of CSR activities on the basis of money spent on CSR activities. But real success of its CSR activities will be visible only when it actually carries activities along with the third sector. This kind of partnership with third sector will make the business to measure the impact of social performance. The business sector seems to be rediscovering the meaning of CSR and new forms of collaboration with the Third sector for social initiative (Andres A. Thompson 2000). The greatest contribution CSR initiatives can make is through reinforcing state- led development policy together with the third sector (Peter Newell 2007).

In the recent years the third sector has shown that it is a formidable force. It has demonstrated that it can deliver and has become leader in the issue of social and human development. In India, third sector are becoming very strong and this is evident from the recent nationwide agitation by some section of the civil society. These movements have made the government to listen to the aspirations of the society. The third sector organizations play an extremely important role in society, advancing and innovating where the government does have neither the flexibility nor the will to do so (Andres A. Thompson 2000). The third sector can work in any area or region without facing any political pressure. Whereas the government sector most of the time works on political pressures. This gives the third sector an edge over the government sector. The third sector works on the network of people because of this these organizations can reach even to the remote places of our country. It is said that third sector are able to reach to the places where even the government sector are not able to reach. Because of these factors the Third sector can definitely play a very crucial role in the inclusive growth activities in India.

The resource rich business sector and widely networked third sector can join together in the eradication of the social evils and ills of our society. These two can act very important role in bringing all sections of the socially and economically excluded population to the mainstream. The partnership can lead to the situation of bringing the socially and economically excluded population to the level of socially and economically advanced group. This partnership between business sector and third sector can bring a positive change and thereby enhance the inclusive growth activities. These reasons necessitates for a strong and working partnership between the third sector and business sector.

POSSIBILITY OF PARTNERSHIP

The business sector and third sector both gain from the partnership between the two. The business sector may have different priorities depending on their objectives and third sector will also have different priorities in discharging its activities. Many a times these priorities do not match with each other. Sometimes business sector cannot offer what the third sector needs and similarly third sector sometimes cannot offer what the business sector needs. In spite of these challenges, there is a very good possibility of partnership which may be mutually complementary to each other.

The partnership between business sector and third sector becomes possible due to that fact that if the business carries social development activities on its own there is every possibility of criticism it has to face that business sector is manipulative in discharging CSR. The partnership between the two sectors will definitely enhance the reputation of the business sector. The public image and reputation will be built when business sector jointly carries inclusive growth programmes with the third sector. The enhanced image of the business sector will be booster for its financial requirement because lenders always want to lend money only to those businesses which have minimum risk. The partnership will also make business to understand what the requirements of the society are and any kind of resentment can perceived very early by the business when the business sector partner with third sector. The partnership with the third sector will bring credibility in business operations.

The partnership between the business sector and third sector works advantageous to both the sectors. The business sector can benefit by way of discovering the real problems of the society and identifying socially and economically excluded people and at the same time third sector can benefit by way of systematic management of various resources to be utilized in the welfare activities. In this way it will be complementary to the both the sectors. It will be win-win situations to the both the sectors and also for the government and society. The inclusive growth programmes can be better progressed when these two sector work jointly and collaborate with each other. So there is a great possibility partnership between the two sectors.

RECOMMENDATIONS

Corporate and Third Sector partnership will create an opportunity for the business enterprise not only to offer financial resources but also to actively participate and to innovate social initiatives. In some fields business enterprises can also offer its managerial skills and expertise. The third sector can also take help of the business sector in areas where concerned business has a strong presence. The business sector can help third sector in the areas of strategic social marketing, strategies for fund raising, cost control system and in the areas of financial reporting. This will bring more professional style of running the third sector organizations. The business sector can help third sector by building their capabilities. The business can guide third sector in the matters of human resources, finance and reporting systems and a strong third sector will be beneficial to the business sector to partner with. The business sector can help third sector with its strong workforce and motivate the workers to engage in the activities of inclusive growth. The inclusive growth

activities carried by the business sector will bring visible result which will enhance the reputation in the minds of the public about the company.

The partnership between the third sector and business sector will bring respectability to the third sector when they partner with credible business enterprise. The third sector should attract the business to partner with. In this respect transparency in its activities will be crucial. The third sector can take the help of the business sector to attract and enroll volunteers for the inclusive growth activities. In India, business enjoys a great voice and it is a formidable force like government and this will give a great opportunity for the business to support the third sector in the inclusive growth programmes. Business has the responsibility of nation building by partnering with third sector which will enhance India's social and human development. Business has the moral responsibility to partner with third sector because it is the business the driver of economic growth and can lead to the role of problem solver of the country by assuming CSR activities in partnership with the third sector.

CONCLUSION

India with the huge resources physical as well as human resources is not able get status of developed country. In India, there is a great divide between the rich and poor and the gap between these two are widening. The fruits of the economic growth of India are not reaching to marginalized sections of the society. The so called development is not spreading uniformly to all the people and regions. The success of economic growth are enjoyed only the strong and elite sections of the society. This type of economic development without social and human development is not good for the nation as well as for the business sector. Recent national population survey brings one important finding that in urban areas there are more incidence of poverty than in rural areas. There are destitute children, malnourished child and women, underprivileged sections of the society, jobless youth and people without a decent place to live both in urban and rural areas. With this kind of lopsided development India cannot attain the status of developed country. Business should not only concentrate merely on building infrastructure but it should improve the people's skill and nurture the third sector organizations. Partnership between the business sector and third sector will contribute in the better quality of life, people's skill which in turn makes India developed country. If these two sectors join hand with each other it can definitely create an environment for inclusive growth in India. This will ease the pressure on the government and compliment the efforts of the government directed towards the achievement of progress on inclusive growth. The enhancement of quality of life of the people and bringing socially and economically excluded groups into the mainstream of the society will be the true face of the development.

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