

STRATEGIC CORPORATE RESPONSIBILITY AND GREEN MANAGEMENT

Perspectives and Issues in
Emerging Economies

Edited by Ananda Das Gupta

CRITICAL STUDIES ON
CORPORATE RESPONSIBILITY,
GOVERNANCE AND SUSTAINABILITY

VOLUME 16

**STRATEGIC CORPORATE
RESPONSIBILITY AND GREEN
MANAGEMENT**

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IN EMERGING ECONOMIES**

EDITED BY

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CONTENTS

<i>List of Contributors</i>	<i>xi</i>
<i>Foreword</i>	<i>xiii</i>
A Technology-Enabled Solution for Women Empowerment in India and Waste Management for Combating COVID-19 and Beyond	1
<i>Raji Ajwani-Ramchandani and Sonali Bhattacharya</i>	
Corporate Social Responsibility and Its Impact on the Sustainable Development Goals: A Study of Mexican Companies	21
<i>Antonio Huerta-Estévez and José Satsumi López-Morales</i>	
Corporate Social Responsibility Does Not Avert the Tragedy of the Commons – Case Study: Coca-Cola India	39
<i>Aneel Karnani</i>	
The Sins of the CSR Movement: Errors in CSR	59
<i>Nicholas Capaldi</i>	
Can Corporate Social Responsibility Make Business Sense? Framework Based on ITC e-Choupal	69
<i>Pingali Venugopal and Divya Agarwal</i>	
Enabling Skill Development in the Pandemic – The CSR Perspective	83
<i>Shulagna Sarkar, Snigdha Shukla and Ram Kumar Mishra</i>	
Sustainable Communities and Consciousness – The Missing Link to a Low Carbon Transition in Developing Economies	99
<i>Subhasis Ray</i>	
Corporate Social Responsibility in MSMEs in India	111
<i>Rajesh Batra</i>	

Green Growth and Regrowth: Pleading for Progress With Sustainability and Responsibility	117
<i>Kuruvilla Pandikattu, S. J.</i>	
Epilogue – Business, Society and Globalisation: An Agenda for Corporate Leadership	143
<i>Ananda Das Gupta</i>	

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FOREWORD



Strategic Corporate Social Responsibility and Green Management: Perspectives in the Emerging Economies

In 2007 Professor John Ruggie, the architect of the United Nations Guiding Principles on Business and Human Rights (UN, 2008, 2011), pointed out with great vigour the ‘fundamental institutional misalignment’ between the drastic expansion and impact of global markets since the 1990s and the lack of capacity of societies to manage the adverse consequences of the markets. This ‘creates the permissive environment within which blameworthy acts by corporations may occur without adequate sanctioning or reparation. For the sake of the victims of abuse, and to sustain globalization as a positive force, this must be fixed’ (UN, 2007, p. 3).

Since then many initiatives have been taken towards addressing this fundamental institutional misalignment, not the least the United Nations Guiding Principles on Business and Human Rights (2011), inspiring multiple National Action Plans on Business and Human Rights and leading to legal provisions in numerous countries, particularly in Europe, and also in India with the Company Act 2013 on Corporate Social Responsibility.

It goes without saying that climate change and the COVID-19 pandemic have enormously aggravated this fundamental institutional misalignment. It is all the more important to raise the awareness of these multiple challenges, to support constructive initiatives, and to be critical about flawed and misleading concepts and policies. This matters not only for states and international organisations but also for business organisations around the world in general and in emerging economies in particular.

Focussing on strategic corporate social responsibility (CSR) and green management in emerging economies, this volume, well arranged by the editor and co-author Ananda Das Gupta, offers valuable perspectives to these multiple challenges. Almost all contributions (except for the chapter on Mexican companies) address issues of great importance for India. They range from a very concrete and successful project in Chapter 1 (i.e. how technology enables solutions for women empowerment in India and waste management for combating COVID-19 and beyond) to a most-updated critical and constructive discussion

on the macro-problematics of economic growth in Chapter 9 (i.e. green growth and regrowth pleading for progress with sustainability and responsibility). While Chapter 8 briefly informs about the detailed Indian legislation on Corporate Social Responsibility (in Company Act 2013/Section 135/Schedule VII), Chapter 3 criticises the concept of CSR that it does not avert ‘the tragedy of the commons’ by referring to the detailed case study of Coca Cola India. A spiritual foundation does not seem necessary according to Chapter 4 claiming that the main purpose of a market economy is to promote the ‘Technological Progress’, that is, to innovate and to grow. This chapter also sharply criticises the CSR movement for committing five ‘sins’ against the ‘Technological Progress’, while Chapters 5 and 6 intend to show that management practices – under certain conditions – can integrate social and environmental concerns into their business operations; Chapter 5 referring to the CSR model of e-Choupal for rural India, developed by ITC, one of India’s foremost private sector companies; and Chapter 6 presenting the skill development efforts in India, especially needed in the COVID-19 pandemic, and how the CSR drive has been instrumental in addressing the skill gap in the country. Chapter 7 reminds the reader of the 54-year history of Auroville, located in Puducherry, that a spiritual foundation and a sustainable community building strategy are needed for a low carbon transition in developing economies.

Worldwide, the term CSR or Corporate Social Responsibility has been used in confusingly various ways and almost like a black box into which one can put almost any meaning. Fortunately, the CSR notion in the Indian Company Act 2013 is more specific. It includes especially nine policy activities from which the company Board – on the recommendation of its CSR Committee – may choose particular activities such as eradicating extreme hunger and poverty, promoting education, advancing gender equality and empowering women, and employment enhancing vocational skills. For the chosen activities, the company should spend, in every financial year, at least two percent of its average net profits.

These activities are discretionary and not necessarily linked to the company’s strategies and core business activities. Therefore, this book – as the title says – explicitly focusses on ‘strategic’ CSR; this means, ‘to link those largely discretionary activities explicitly intended to improve some aspect of society or the natural environment with their [the companies’] strategies and core business activities’ (Waddock, 2018, p. 3272).

With this focus, the book offers more specific contributions in either critical or constructive perspectives as the short presentation of the chapters above can show. Still, two sets of questions are not yet raised and may stimulate further discussions, perhaps for a subsequent volume in this series.

The first set of questions relates to the notion of ‘strategies and core business activities’. What does it precisely mean? What kind of purpose of the company is implied? Is it only about profit maximisation? Does it include – in addition to profit making – broader economic, societal and environmental objectives? While searching for ‘win-win’ solutions for business and society, what to decide when ‘win-lose’ solutions are unavoidable? Should then the benefit for business always win?

The second set of questions concerns the concept of ‘responsibility’ and its ethical foundation. The CSR literature uses this term abundantly, but rarely provides a conceptual explication and an ethical foundation. Often it is understood as a response to ‘societal expectations’. I suggest drawing on the definition of responsibility developed by the German philosopher Walter Schulz (1972): Responsibility is self-commitment originating from freedom in worldly relationships. It involves two poles of human action: the interior *commitment* of the person to act responsibly and his or her *engagement* in concrete relationships with other persons, communities, non-human beings and nature. Responsibility is a relational concept and always ‘anchored’ in one or more actors (*who* is responsible?), concerns a concrete matter of *for what* one is responsible and relates to an authority or addressee *to whom* one is responsible (for example, stakeholders, tribunal, spouse or one’s conscience). In a similar (‘analogous’) way, corporations as corporate actors are understood as moral actors who bear moral (or ethical) responsibility: they have the capacity to commit themselves to what they should do and to bear the consequences for what they do. (For further explanation, see Enderle, 2021, Chapters 1, 15, 16 and 17.)

In conclusion, responsibility not only in the legal but also in the ethical sense is necessary in our global and interconnected world. It is required from business enterprises of all sizes, from all social actors including non-governmental organisations, and from the states as well. As the Epilogue concludes, ‘A stable nation providing good governance is thus a basic requirement for developing countries in their attempt to safeguard rights and interests of their poor and marginalized people’.

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A TECHNOLOGY-ENABLED SOLUTION FOR WOMEN EMPOWERMENT IN INDIA AND WASTE MANAGEMENT FOR COMBATING COVID-19 AND BEYOND

Raji Ajwani-Ramchandani and Sonali Bhattacharya

ABSTRACT

Purpose: COVID-19 not only has impacted adversely the health infrastructure, taking away lives of millions of people but it has also crippled the economy. The worst effected were food supply chain due to restrictions imposed on operations of shops and retail outlets. The consumers were suffering due to lack of supply. Similarly, agriculture produce were getting wasted due to lack of cold storage.

Methodology: In this case we have proposed how a mobile-based application solution during COVID lockdown can successfully transform the livelihood of rural farmers in the state of Maharashtra (India), a state worst affected by the pandemic.

Result: The technology-integrated supply chain model jointly developed by financial institutions, self-help groups (SHGs) and NGOs has enabled direct selling of fresh produces by rural women farmers to urban large residential societies at their doorsteps. It has provided a solution of municipality waste management by converting the waste to compost, getting them collected and used in the farmlands.

Implications: It will help the urban consumers to have the continuous supply of fresh vegetables and fruits available at their doorsteps, and keep a track of transport of foods from farm to fork. The farmers will be able to get better price for their produce. The model will also contribute towards circular economy (CE) through citizen partnership.

Keywords: COVID-19 Hotspot; technology-based fresh-produce value chain; self-help group federation; circular economy; humanitarian supply chain; mobile application

INTRODUCTION

India is the second largest producer of fresh fruits and vegetables. However, every year fresh produce worth nearly USD 2 billion (nearly 18% of the total production) is wasted due to the lack of adequate cold storage, refrigerated transport facilities (Bhosale, 2013) and a huge reliance on a broker-led network to coordinate the farm-food value chain (Pachouri, 2012). Farm produce that decomposes in landfills releases methane, a greenhouse gas which is at least 28 times more potent than carbon dioxide (Frischmann, 2019).

This scenario has been exacerbated due to the COVID-19 pandemic. The pandemic struck around harvest time period and affected the transport of fresh produce to the markets due to labour shortages, lockdown-related travel and transport restrictions (Bera, 2020).

Other unique challenges posed due to the COVID-19 situation are: need to maintain social distancing and avoid crowding in markets (Jayasimha, 2020), contact tracing (Ghosh, 2020) and a need to move towards cashless transactions, if possible, in order to avoid physical exchange of currency between people and curb the circulation of contaminated notes (Sharma, 2020). In this case we proposed how a mobile based application technology created through joint efforts of NGOs, financial institutions and self-help groups (SHGs) during COVID-19 lockdown can enable rural farmers especially women to sell their products directly to large urban residential societies, hence ensuring better prices and better livelihood. Customers are also benefitted by getting fresh vegetables, fruits and groceries at their doorsteps, facilitated through a geographical information system (GIS)-based tracking system in the supply chain. The model has potential of contributing towards circular economy (CE) by enabling conversion of the organic components of the municipality solid wastes produced by these residential societies into compost and used by the rural farmers (Deakin & Reid, 2018). This case has taken the lens of inclusive innovation and humanitarian supply chain in the context of COVID-19 situation. In the next section, the theoretical concept of inclusive innovation and humanitarian supply chain which forms the base of our study is reviewed. We briefly describe the background of the study and its need in the present context. In section 'Research Methodology', we describe the step-by-step methodology and role of various stakeholders and technology in the model. In section 'Results and Discussion', we describe the

impact of the model on the society, policymakers and environment. Finally, we discuss the implications of the study in the new normal.

LITERATURE REVIEW

Inclusive Innovation as defined by [George, McGahan, and Prabhu \(2012\)](#) is “the development and implementation of new ideas which aspire to create opportunities that enhance social and economic wellbeing for disenfranchised members of society”.

The authors stress that inclusive innovation is valuable even when outcomes are not realised. Hence, any kind of innovation which contributes to the social, economic and environmental well-being and which is aimed at inclusivity of the base-of-the-pyramids can be called an inclusive innovation. Inclusive innovation can be looked from the lens of theory of resource assembly, deployment and development as creating an innovative logistic and supply chain which will enable to reach out to geographically dispersed population, such as the rural poor, at a low cost. Hence, it will include business solutions that enfranchise a previously disenfranchised section of the society. The responsible research and innovation theory of inclusive innovation demands that pros and cons of scientific and technological innovation should have direct linkage with social justice and development ([Smith, Fressoli, & Thomas, 2014](#); [Stirling, 2016](#)). Inclusive innovations can be of three types: first, innovations meant for resolving specific local problem but with wider diffusion; second, appropriate to a situation but with transformative effects; and third, project-based solutions to achieve social justice goals with economic and political reasoning ([Smith et al., 2014](#)). Inclusive innovation encourages an open innovation ecosystem, where there is blending of grassroots innovation with corporate expertise in a reciprocative and responsible way. In grassroots level it has been found women are willing to adopt innovative technology, if they are part of some women development groups ([Mohd Masdek, Nor, A'liah, & Rusli, 2018](#)), and the level of adoption depends on their level of engagement with such groups. [Kalkanci, Rahmani, and Toktay \(2019\)](#) have looked into inclusive innovation as an integrative approach to resolve varied social issues in operational decision related to marginalised section of the society. In supply chain domain, inclusive innovation may include inclusive sourcing of resources including human resources, creating opportunities for livelihood, transparency in supply chain processes, and inclusive retail chain and distribution which targets base-of-the-pyramid as potential consumers providing them with quality goods and services at low cost and last-mile delivery innovations to reach remote places while partnering with or employing marginalised section of the society as service providers. The challenge is the trade-off that has to reach between profitability and inclusiveness. Humanitarian supply chain can be considered as a type of inclusive supply chain innovation. An example of such supply chain innovation is the direct cash transfer programme initiated in many countries targeting the ‘have nots’ ([Heaslip, Kovács, & Haavisto, 2018](#)). [Corsini et al. \(2020\)](#) have discussed that how innovations such as additive manufacturing

or 3D printing can also be made to satisfy humanitarian supply chain goals by local sourcing and local manufacturing and satisfying humanitarian needs.

Humanitarian supply chain management (HSCM) include sustainable HSC; framework of agility, adaptability, alignment (Dubey & Gunasekaran, 2016); collaborative supply chain for humanitarian causes (Prasanna & Haavisto, 2018); humanitarian organisations' expectations regarding sustainability (Haavisto & Kovács, 2014); auction-based framework for procurement of goods (Alp Ertem & Buyurgan, 2011); flexibility and agility for humanitarian and logistics supply chain management (HLSCM) (Carroll & Neu, 2009); multiple-buyer procurement auctions for HSCM (Ertem, Buyurgan, & Rossetti, 2010); disaster relief logistics (Kovács & Spens, 2007); life cycle of disaster management (Goldschmidt & Kumar, 2016); HL preparedness (Jahre et al., 2016); decision support framework for disaster relief (Kumar & Havey, 2013); incentives and obstacles to consolidation of materials in HSC (Vaillancourt, 2016); and location selection and disaster relief network design (Timperio, Panchal, Samvedi, Goh, & De Souza, 2017). Pandemic like COVID-19 has thrown several challenges in the supply chain domain such as disruptions in the food and medical equipment supply chain in the public distribution network due to frequent proliferation of the disease which calls for development of a resilient supply chain (Singh, Kumar, Garza-Reyes, & de Sá, 2020). Some of the researches carried out on this regards are three-echelon stochastic optimisation model to optimally resolve the problems related to uncertainties in demand and supply (Salem & Haouari, 2017), developing a smart contract system for logistic service provider (Dolgui et al., 2020), game theoretic approach to resolve problems related to food, communication and logistic (Ivanov & Dolgui, 2020b), assessment of pre- and post-disaster supply chain performance based on agility and resilience (Altay, Gunasekaran, Dubey, & Childe, 2018) and associated risk (Ivanov & Dolgui, 2020a). Zlojutro, Rey and Gardner (2019) applied a multi-commodity network model to determine air traffic movement to determine spread of the disease. In this study, we have developed a conceptual resilient food supply network model between rural producer and urban consumer through mobile-based technology and blockchain-based collaborative network, which also contributes to CE.

Need for Connecting Farmers to Consumers Directly

The western state of Maharashtra has seen the maximum number of COVID-19 cases in the country (Government of India, COVID19 STATEWISE STATUS, 2020)¹ and has been grappling with trying to find solutions to fix the broken fresh-produce supply chain (Gupta, 2020). As per the Government of India's dashboard on 7 May 2020, the number of COVID-19 infected patients in Maharashtra was 14,541 out of a total figure of 52,952 for India. Large residential housing societies (mass clusters) have been directed by the state government² to arrange for the provision of grocery items within the society premises itself to comply with the lockdown order imposed by the Government of India. The need to maintain social distancing, usage of digital currency and minimum contact with the produce has been emphasised in order to flatten the

pandemic curve. Thus, there is a need to conceptualise a supply chain approach that can help to connect the farmers with the final consumers in a manner that is transparent and reduces the time from farm to table.

Need for Technology-Based Fresh-Produce Value Chain

The pandemic and the surprise lockdown announced by the Indian government resulted in a panic-buying situation to stock up on fresh produce and grocery items amid speculations regarding the duration of the lockdown (India Today, 2020). Online green grocers were unable to meet the growth in the demand, and in many cases, delivery personnel were beaten up by the police or their workplaces sealed resulting in a supply-chain breakdown (Economic Times, 2020). This resulted in makeshift arrangements cropping up to fulfil the need to ensure that a supply was made available in order to prevent people from leaving their homes in search of food items. The impact of COVID-19 on the fresh-produce value chain is shown in Table 1. The pandemic has forced a shift away from the conventional business practices that were intermediary-driven, physical location-bound spaces to a new way of doing business. In the post-COVID-19 world, customers and suppliers are more likely to choose meeting in a virtual marketplace using technology as a means to bridge the demand and supply gap. An application like Maha Savitri can help to provide market linkage to an SHG federation, enabling the members to benefit from the power of aggregation.

RESEARCH METHODOLOGY

The concept of the proposed mobile application was developed based upon the fieldwork of the author with the members of the SHG groups affiliated to the Gramin Mahila Swayamsiddha Sangh (GMSS) federation since 2011 (Ajwani-Ramchandani, 2017). Between 2013 and 2015 eight direct sales events were carried out in the vicinity of large housing societies (LHS) in Pune in order to gain an experience of the potential clients, requirements, logistical issues and the challenges faced by the members of the SHG group. The technology-based model has been conceptualised based on the experiences gained from those interactions.

Role of Self-Help Groups and Their Federation

SHGs were primarily seen as means of organising women for their empowerment at a village level and to mobilise collective action on various social issues such as dowry, domestic violence, alcoholism and access to potable water. The need to federate at a bigger level for financial reasons emerged since some of the groups faced shortage of funds for their internal lending. On the other hand, there were some other SHGs that had unutilised savings. These circumstances led to the idea of facilitating inter-lending between the groups through a federation.

The purpose behind establishing an SHG federation was to provide support and channelise the savings of rural SHGs by developing village-level clusters.

Table 1. Impact of COVID-19 on the Fresh-Produce Value Chain in Pune, Maharashtra.

Description	Pre-COVID-19 Scenario	Post-COVID-19 Scenario
Source of the fresh produce	Could be international/national or local	Local and national (to a limited extent because of interstate travel restrictions)
Production – consumption pattern	Linear: Grow–consume–throw	Circular approach possible: Grow–consume–recycle–rejuvenate
Supplier profile	Few large players having a strong distribution and marketing network	Multiple local players in close proximity to the customers
Logistics	Complex: Covering multiple modes of transport and large geographical distances	Relatively simple: Mainly road transport to cover short distances
Type of model	Intermediary-driven	Direct procurement options came about due to the pandemic
Usage of technology	Minimal usage as procurement, sales and monetary exchange was done manually	The concern associated with the pandemic led to the adoption of technology at the first and the last mile of the value chain
Mode of interaction between various value chain members	Physical interaction	Virtual – usage of phone and internet
Payment and Settlements mechanism	Mainly through physical currency (notes and coins)	Digital payments
Marketplaces	Physical spaces	Virtual spaces
Degree of transparency in the business operations	Low, due to lack of data	Relatively more transparent due to the availability of partial data
Food storage and cold chain infrastructure	Poor, resulting in a lot of wastage	Storage solutions had to be improved and in some cases conceptualised on a case-to-case basis in order to cope with passage of two ordinances that were passed during the COVID-19 period: The Farmers' Produce Trade and Commerce (promotion and facilitation) Ordinance, 2020 or the FPTC

Source: Authors.

Each cluster is an association of 10–20 SHG groups. Each SHG group has about 10–20 members. The goal is to provide financial intermediation to each group at the federation level and to ensure that each group is able to meet the demand of its members.

GMSS started as an informal federation of five groups and worked that way for almost two years. Two leaders from each SHG were selected to represent their units. The rules of federation pertaining to membership fee and meetings were framed.

The number of groups increased to 20 by 1993. As the number of SHG groups increased, the funds pooled were found insufficient to meet the credit demand of all the members. Similarly, some groups faced a lot of difficulties in getting access to bank loans (Fig. 1). To overcome these challenges, linkages with external

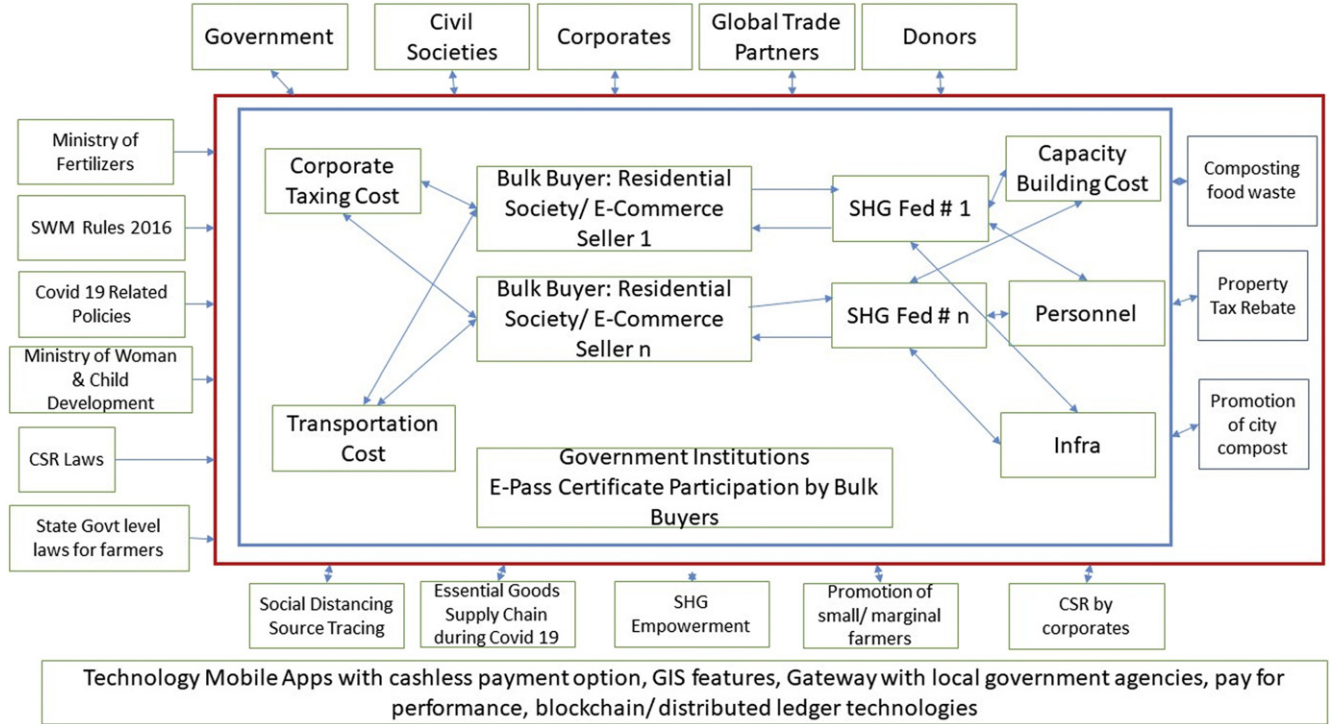


Fig. 1. Closing the Loop and Bridging the Supply Chain Gaps.
 Source: Author.

agencies for accessing additional funds were established. The Friends of Women’s World Banking (FWWB),³ an institution engaged in financial services, initially gave credit to the informal unregistered federation by accepting a third-party guarantee. In order to facilitate further borrowing, FWWB suggested the need for creating a legal entity. Thus, the informal federation was formalised as GMSS, literally meaning ‘Rural Women Self-Accomplishment Community’ in 1993 by registering it as a society. Over the years, the power of aggregation has helped the members to solve a variety of problems mentioned above, existing at the village level.

The SHG federations started by *Chaitanya*⁴ are located in various villages that lie along the Nashik + Mumbai Highway – such as Chakan, Bhosari, Kuruli, Chimbali, Rajgurunagar, Junnar and Ambegaon. The head office of GMSS is located in Rajgurunagar and this location is well connected to many LHS located in the Pune Metropolitan Region.

Chaitanya (the parent NGO) has spawned 37 SHG federations in Maharashtra and has a membership base of over 90,000 members in Maharashtra besides having 37 SHG federations operating in both Maharashtra and Madhya Pradesh (MP) (See [Tables 2](#) and [3](#)).

GMSS is the first SHG federation promoted in Maharashtra⁵ and among the oldest women-centric SHG federation in India. It is a very lean organisation (staff strength of 20) that services the requirements of more than 8,400 members.

The Concept Behind Maha Savitri Mobile Application

The unique feature of the app is its emphasis on leveraging the power of aggregation possessed by SHG federations. The idea is to link the producers, that is, women farmers with *bulk* purchasers such as LHS and online green grocery start-ups (SUs) which sell to the households in the city (see [Figs. 1](#) and [2](#)). Technology acts as an enabler to “tie-up” the different stakeholders together, such as the farmers, SHG federation, customers and payment gateway providers, and to capitalise on some of the characteristics of the SHG model such as large membership base, relatively easy access to credit versus getting a bank loan, availability of the member’s credit history and socio-economic markers.

Table 2. Summary of GMSS Membership and Loan Details as on 31 March 2020.

Particulars	Details
No of SHGs affiliated to GMSS	570
Village-level clusters	40
Members	8,475
Loan outstanding given to members	USD 407 thousand
Loans given to other SHG federations	USD 305 thousand
Total loans	USD 713 thousand

Source: GMSS.