



Reassessing The Role of Corporate Social Responsibility as Drivers of Food Security

KEYWORDS

Corporate Social Responsibility, Food Security, Public Private Synergy

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ABSTRACT *Corporate social responsibility (CSR), popularly called as corporate responsibility in the agricultural sector has a significant role to play to promote agricultural activities involving the corporate houses and supporting Government plans of sustainability and improving livelihoods. Though many business houses were already involved in the service to society earlier also in India, but the structured form of CSR is more visible now. The efforts done by these companies were never fully acknowledged as a support in strengthening the national system. It is now being understood that multi-stakeholder involvement can better promote food security and positively affect the livelihoods of smallholder agricultural producers in developing countries. Food companies are adopting a comprehensive approach to CSR by addressing environmental and social issues relevant for internal and external stakeholders by communicating them in an appropriate manner to both internal and external stakeholders. It is seen that with high value consumer food brands, CSR initiatives are gradually becoming a core part of business activities in the food sector. This development shows considerable promise in improving the conduct of agri-food firms in the direction of accepting accountability for the impacts of decisions and activities over which they have control. However, given the special features of the sector and the increasing relevance of CSR in the food business and policy arena makes these ventures of great value. It also calls for further attention to shift focus with respect to involving small and medium enterprises along with multinational companies for CSR. By involvement of CSR in development activities, it will initiate and encourage the participation of various stakeholders for the strengthening of agriculture.*

Introduction

In most of the developed and developing nations, the private sector has stimulated economic growth and employment, contributing to the achievement of international development goals. In the past two decades, the private sector has been both demand driven and profit driven. Currently, it is covering untapped market of people at the bottom of the economic pyramid, particularly in efforts to improve food security. For example, agri-food businesses is offering a wide range of options of lower-cost and higher-quality foods for poor consumers while multinational agro-giants have made hybrid and high yielding seeds and fertilizers available for smallholder production in developing countries. The private sector can provide effective and sustainable investment, unique expertise, and innovation at a greater scale to help in the fight against hunger.

The world has yet not been able to fully harness the potential opportunities for the private sector to reach the poor and enhance food security. Most of the time, poor and small holder farmers are still not able to afford latest inputs and technologies needed for production, and about 3.7 billion people in developing countries do not have a direct access to market for getting better returns. They mostly depend upon middle men for the agriculture trade. In many countries, private companies engage in short-term philanthropy to fulfil the social responsibility of corporate. While new and promising private sector models and public-private partnerships emerge, it needs to be explored as how can the private sector take up a growing role in enhancing food security

CSR is a concept where the company indulges in sustainable or responsible activities, by taking responsibility of the impact of their activities on stakeholders as well as environment. This can be undertaken as a statutory obligation to its shareholders, employees or society in general as part of good corporate governance as mentioned in the Indian Companies Act or it can be used as a social image building tool. CSR differs from company to company and depends on how it is manifested for social upliftment. In some organizations, corporate social responsibility practices talk about development at the grassroots level through various public and private alliances.

The best definition of Corporate Social Responsibility (CSR) comes from the World Business Council for Sustained Development, which says: "Corporate Social Responsibility is 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." Thus, the meaning of CSR has two fold. On one hand, it exhibits the ethical behaviour that an organization exhibits towards its internal and

external stakeholders. On the other hand, it denotes the responsibility of an organization towards the environment and society in which it operates. It takes into account the needs of all the company's stakeholders, customers, employees, business partners, governments, local communities, and the public.

According to the Indian Corporate: "Sustainable development implies optimizing financial position while not depleting social and environmental aspects and CSR implies supporting issues related to children, women and environment

The world faces multiple challenges to food security including under-nutrition and over-consumption, rising food prices, population growth, rapid diet transitions, threats to agricultural production, inefficient production practices and supply chains, and declining investment in food system research. Thus, the most pressing issues are the unpredictability of food production, intense competition for remaining resources by the poor food producers with private agricultural investors, and the threat over food sovereignty of poor nations whose land are being leased by richer nations or for high-value crop production.

Agriculture is critical to South Asian and many similar developing regions of the world having low-income. In the present world, food production has been achieved through green revolution in many parts of the world but it is still a big challenge to sustain the production. Despite of the need of agricultural research and development for food security and poverty reduction, the recent decades have seen declining investment from both donor partners and low-income coun-

try governments. In low-income countries with agriculture-based economies, domestic public support to agriculture is, on average, about 4% of the gross domestic product, and official development assistance provides the balance (Psacharopoulos and Nguyen. 1997, GAIN, 2010).

CSR in India

The concept of responsibility of a trader towards society and environment is found mentioned in 'Arthashastra' by Kautilya during medieval India. At that time, such responsibilities were voluntary rather than compulsory. Khan and Atkinson (1987), in their comparative study of social responsibility in India and Britain mentions that most of the Indian executives feel responsible for their shareholders and employees along with the customers, suppliers, society and state. A survey conducted by TERI-Europe and ORG-MARG (2001) revealed that a large population feels that organization should be responsible for bridging the gap between rich and poor.

The survey by many organizations revealed that philanthropy is the major driver of CSR in India. However, the structured CSR policy and planning is missing largely among the small players (Conway, 2003). Arora and Puranik (2004) reviewed contemporary CSR trends in India concluding that the sectors have largely benefitted from liberalization and privatisation process.

CSR theory is yet to be completely imbibed by Indian stakeholders; the concept will take good time to come up in full swing in India. Although CSR is not a novel concept in India, but its essence is yet to be properly understood by the stakeholders. Companies like Tata Steel (previously Tisco), Tata Motors (previously Telco), the Birla group of companies and many others have been working for the cause for social good merged in their operations for decades as welfares or organizational schemes long before CSR become a popular cause. However, the vehicles for such activities in those days were NGOs or voluntary organizations. IT was also not placed directly in company's profit and loss statements. Gradually, in many small family run businesses, this mode of money transfer became popular as the source of tax saving by evading corporate taxes.

Presently, CSR in India is in a very incipient stage. It is probably the least understood initiative in the Indian development sector. It is largely noted that the companies which have recently introduced the concept of CSR activities are largely influenced by the practice followed as a convention by their parent branches in the foreign countries. Hence, in large number of cases, the emphasis on CSR practices is due to the policy compulsions.

Impact of CSR Programmes on Rural India

The impact of CSR programs reflected by prominent companies in India were classified under six major thematic areas of livelihood, health, education, environment, agriculture and infrastructure.

Education:

The basic education has been made accessible to many children across the country through schools and distribution of study material. Some of it also includes installing of computers for computer literacy to rural children. Education is the most preferred area of CSR for Indian companies with 85% of the companies engaged in it.

Health:

After education, health is the most preferred area involving 67.5% of the companies who intend to do CSR. The study shows that many business giants like SAIL, Vedanta, Tata Steel Family Initiatives, etc organize a number of health camps to create health awareness and sensitize people on health related issues helping a large number of people to address health issues.

Livelihood:

Of the total organizations involved in CSR, 57.5% are involved in livelihood and rural development sector. Many business houses work in development areas to generate livelihood and improve the quality of life by focusing on health, education and technology. This theme cuts across different sectors as any initiative to generate employment finally leads to the improvement in quality of life of the rural people. Major participants of this drive are Dr Reddy's Foundation in partnership with Rural development Department, Bharat Petroleum, Essar Foundation, Barclay's India, Coca Cola, Fullerton India etc.

Environment:

For sustainable management and development of natural resources, many companies have been working for tree plantation, watershed management, waste management, wind firm etc.

Infrastructure:

Many companies are providing different infrastructural facilities like construction or development of roads, electricity, water facility, sanitation, school, health centre, community centre, etc. In many areas the business organizations team up with Government and Non Government organizations for bigger outreach.

Agriculture:

In the food chain, two arms of agri-inputs and food processing play a significant role in ensuring food security. Many food processing companies, seed companies and agri-input companies have a CSR policy to empower the farmers with better input facilities to grow better quality crop, livelihood generation and low cost nutrition available to enhance nutrition security of the people lower in economic chain.

CSR in Developing Countries

The private sector initiatives and public-private partnerships encompass a variety of desirable development goals and some of them explicitly aim to enhance global food security and reduce poverty. Globally, many organizations are involved in outreach programmes in South Asia, Sub Saharan Africa and Latin America through CSR. An initiative named Grameen Danone Foods, a joint venture between Grameen Group and Groupe Danone, aims to provide affordable fortified yogurt Shokti+, fortified with essential micronutrients such as vitamin A, iron, zinc, and iodine, as well as live cultures that help to promote good intestinal health and reduce the severity and duration of diarrhoea. (Danone, 2010). Through this venture, this enterprise seeks to enhance the health of Bangladeshi children through nutrition at affordable prices; improve the lives and livelihoods of the poorest people in the community by involving them in every stage of the business value chain and produce a profit in order to ensure economic sustainability.

Another initiative for improving food security and nutrition at the global level is the Global Alliance for Improved Nutrition (GAIN), which promotes public-private collaboration and provides financial and technical support for large-scale innovative ways to reduce malnutrition. GAIN estimates that close to 200 million individuals now consume fortified foods and more than half of them are women and children. This venture supports a program that fortifies soy sauce in China, which led to a decrease in anaemia prevalence by about one-third in 21 observation sites, and a program that fortifies maize meal and wheat flour with folic acid in South Africa, which led to a 30 percent decrease in birth defects over the past six years (GAIN, 2010)

In addition to fortification and nutrition efforts, some public-private partnerships have better integrated smallholders into high-value markets. India's Rural Business Hub initiative started by the Ministry of Panchayati Raj and the Confederation of Indian Industry as a partnership between the public,

private, and panchayat (village council) sectors offers a wide range of interventions.

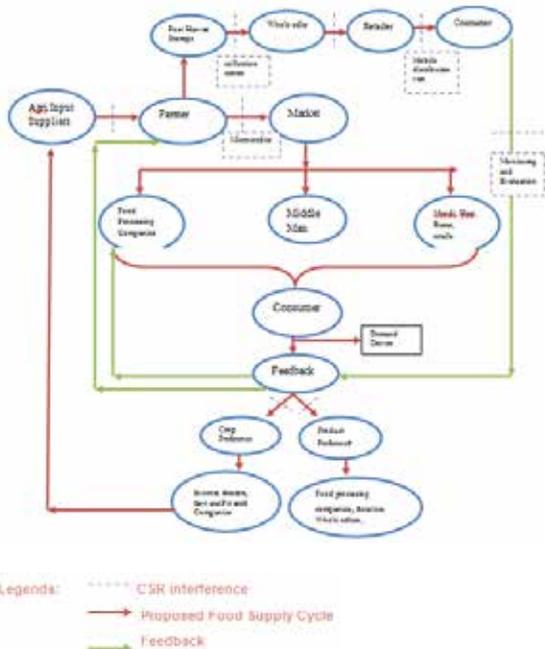
They provide technology, high-quality agricultural inputs, training, and market linkages, and help rural entrepreneurs diversify their products, standardize quality, and use innovative packaging (Confederation of Indian Industry, 2010). PepsiCo Foundation, for example, has invested in the World Food Programme's distribution capabilities and Save the Children's programs for achieving better health outcomes (Yach, 2010)

Role of Public Sector in CSR

Fox, Ward, and Howard 2002 in a review stated that roles of public sector in supporting CSR can be understood into four broad categories: mandating, facilitating, partnering, and endorsing. Understanding public sector interventions through these categories have the immediate advantage of simplicity. They allow coverage of the complete CSR agenda and at the same time they have a neutral approach as they do not reflect inherent biases toward any particular set of public sector actions. The CSR agenda has probably reached a turning point in which the public sector is repositioned as a centrally important actor. The mainstream CSR agenda, as currently constituted, leads directly to the need for greater engagement by the public sector in middle- and low-income countries. There is also a range of justifications for public sector actors to develop greater familiarity with the CSR agenda as a basis for strengthening CSR in developing countries.

Niche Areas of Intervention in Food Supply Chain

To strengthen the whole food supply from the lowest denominator to the consumer through systematic intervention, it is important to know the niche areas which are although important as business products but lesser attention has been paid so far. The proposed food supply cycle with possible areas of intervention is mentioned below



Perspectives

The social responsibility is regarded as an important business issue of Indian companies irrespective of size, sector and business goal of the company. Although these initiatives provide initial attempts toward better engaging the private sector to manage malnutrition and poverty, empirical evidence of impact remains sparse. While companies may adequately report the objectives of their initiatives, only a few report the outcomes of such efforts. Similarly, monitoring and impact assessment studies by independent entities are largely miss-

ing, and those that are conducted are not made available in the public domain. Thus, the benefits of private engagement in food security are often questioned in the public domain.

Indian companies are coming to terms with the social pulse that without socio-economic development of the local communities, there can be no stability and sustainability for doing business in the global market. Most of the companies have CSR policy and practices and they design and implement CSR initiatives in the vicinity of their works to cover entire community. Most of the CSR policies and goals are standing on their own and do not show a link between the company's CSR agenda and Millennium Development Goals. Many companies promote and implement CSR initiatives through an external arm as they do not have CSR department in place. CSR by the companies implemented directly or indirectly connects the lowest denominator in the chain to the consumer and maintain the desired quality and product.

To actively participate in strengthening the food security chain, the mindsets of both public and private sector have to undergo change. Public decision makers need to account for private enterprises also in the design of development strategies, policies, and institutions.

Both Global and National public research organizations also need to evaluate the private sector impact on the poor and hungry. The investment in monitoring and evaluation should be increased and capacities of developing country researchers should be strengthened. Private companies need to be self motivated and committed to invest in and collaborate with public research institutions to measure the actual impact of their pro-poor initiatives on stakeholders. By utilising the synergy of public and private actors, large scale hunger and poverty can be addressed successfully.

Recommendations

In light of making the non profit ventures more impactful for improving lives of the people by livelihood and food security, following recommendations may be considered.

- The organizations must align the CSR goals with the national goals set up under the Millennium Development Goals (MDG).
- The organizations to plan for establishing a dedicated CSR division with well trained professional capacity from social science, development studies, agriculture extension and management background for better planning, implementation and evaluation of CSR initiatives.
- CSR programmes being implemented by Indian companies should be demand driven to enable more and more participation of local people and benefit them through livelihood generation.
- Participation of the small and medium enterprise in CSR domain would help to give it a local presence and wide area coverage.
- The decision of CSR projects should be demand driven and come from the beneficiaries. Since most of the companies run on stakeholder's money, the stakeholders should also be participating in the decision to start a CSR venture.
- Social audit should be conducted by an external agency to assess the CSR of the company.
- Government can motivate, enable and facilitate industry players to consider ethical, social and environmental criteria.
- An annual report on Corporate Social Responsibility should be prepared to highlight the company's commitment for sustainable community development and placed on public domain.

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