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**CSR and Inclusive Development: A Study on Sobha Developers, Thrisur, Kerala****G.K VINAYAK** Research Scholar**Centre for Study of Social Exclusion and Inclusive Policy  
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Bharathidasan Univeristy,Trichy, Tamilnadu****Introduction**

Ever since the introduction of the concept of Corporate Social Responsibility (CSR) in academic literature by Sheldon in 1924, it has witnessed different trajectories and transformations. As a concept and practice, CSR has undergone profound changes in terms of theories, approaches, strategies and ethics (Carroll & Buchholtz, 2000). Initially the concept of CSR was centred on charity and philanthropy of business entities. However, in this current era of trans-nationalization of business competition and brand value promotion, CSR is popularly perceived as a means to enhance business profitability, customer loyalty and brand image (Geva, 2008). Therefore, CSR has been evolved as a strategy for stakeholder management, sustainable development and ethical business practices (Geva, 2008). Over the years, CSR has begun to play key role along with government to achieve economic growth with equity and inclusion. Though there is abundance of academic literature on the role of CSR in business success and profitability, there is still dearth of literature on the emerging role of business community in inclusive growth with participation of government and the stakeholder community.

Against this context, this paper is a modest attempt to analyse the role of CSR in promoting inclusive development. The approaches and strategies towards inclusive growth through CSR are studied within the context of Sobha Developers, a leading corporate entity in India. Sobha Developers has been well known for sustainable CSR initiatives that have immensely helped the stakeholder community since the inception of their projects. This paper attempts to analyse the model of Sobha Developers focussing on their inclusive growth model and its inherent limitations. The paper would briefly provide a conceptual background of CSR and its relationship with inclusive growth before analysing the model of Sobha developers.

**CSR and Inclusive Growth**

Corporate social responsibility (CSR) is a broad concept that is generally used to describe ethical and voluntary responsibility of the business entities towards the society and the environment. CSR implies that wealth creation of the corporate sector should be in such a way that it will eventually leads to the optimal benefit of all *stakeholders* – including shareholders, employees, customers, environment and society (Smith, 2003). The term, 'stakeholders', denote all those individuals affected by the company's activities, directly or indirectly. CSR fundamentally perceives that the interest and welfare of all the stakeholders of business are important for the success of a business rather than the welfare of the 'shareholders and employees'. Besides, the term also highlights the importance of 'giving back to society' along with wealth creation (Carroll & Buchholtz, 2000).

While the earlier definitions and scope of CSR articulated the ethical and social obligations of business and highlighted the social contract between society and the corporate sector, recent approaches emphasise on the strategic importance of CSR as a core value of the organisation. The European

Commission defines corporate social responsibility (CSR) as “*a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis*”. According to Hopkins, CSR is basically related to ‘*treating the stakeholders of the firm ethically or in a socially responsible manner*’ (Hopkins, 2009). Stakeholders imply the external as well as internal stakeholders of the firm. Hence, this definition argues that a socially accountable relationship with all stakeholders will increase the human development of stakeholders both within and outside the organizations. In this definition, CSR is viewed not only as a responsibility but ‘*accountability*’ of the organization towards society (Mishra et al., 2001).

Recently, scholars began to perceive CSR as an effective strategy to promote inclusive growth in economically under developed societies. The definition given by the World Bank inter alia reflects this approach. According to the World Bank, ‘*CSR is the continuing commitment by business to contribute to economic development while improving the quality of the life of workforce and their families as well as of the community and society at large*’ (The Hans India, 2016). This is reflected in the definition given by Prahlad as well. According to Prahlad, CSR implies, ‘*business strategies for the bottom of the pyramid*’ (Prahlad & Hammond, 2002). Inclusive development is a concept that involves equity, equality of opportunities, protection in market imperfections and socio-economic safety nets (Ravallion, 2001). Broadly it denotes the policies and strategies that aim to distribute the benefit of economic growth and development equally among the people without excluding the hitherto marginalized sections of society from accessing it (Ravallion, 2001). Manjit defined inclusive growth as pro-poor, shared and broad based development. (Manjit, 2013). Inclusive development attempts to uplift the lives of marginalized and socially and economically excluded people through specific micro and macro-economic policies.

In conventional literature, inclusive growth was perceived as the realm of public policy and state. However, recently, private firms have initiated strategies to ignite change in the lives of poor stakeholders through inclusive practices in education, economic empowerment, health, and community development (Mishra et al., 2001). Business entities normally use strategies like financial inclusion, subsidized supply of essential commodities, health insurance, micro-credit facilities, free education facilities, skill building trainings, creation of job opportunities etc as essential step towards inclusive growth (Manjit, 2013). There are two key models in this approach: Direct and Indirect models. Some business firms strive to achieve the goals of CSR through indirect partnership with government and other NGOs (Mishra et al., 2001). Such models are often managed through funding of selected projects without directly involving in the inclusive development related activities. For examples Gates Foundation funds large number of NGOs across the world to manage inclusive development without directly involving in management of such activities. In the second model, business organizations directly intervene in the activities that lead to inclusive growth and development. In this model, the CSR team coordinates and monitors the entire activities directly (The Hans India, 2016). In the present paper, we examine the second model of CSR in which the company directly involved in the CSR activities for inclusive development. Sobha Developers is selected because it consistently ranked among the first 10 companies that contributed in CSR activities in terms of amount, quality of delivery and outcome.

The Following sections will explain the CSR activities of Sobha Developers in detail.

### **CSR in Shobha Developers: An Overview**

Sobha Developers is one of the largest real estate and infrastructure development companies in India with dominant presence in the entire Middle East region (Sobha, 2016). Since its inception in 1995 under the chairmanship of P.N.C Menon, the company has completed 113 large real estate projects and 262

partnership projects across the world (Sobha, 2015). The annual revenue of the company was 24.50 Billion dollars in the year 2015 (Sobha, 2016). The company has the reputation for constructing the most of the big corporate houses of India including Infosys, Wipro, DELL, ITC, HCL, Biocon etc. The long term growth prospect of the company is largely supported by the internal production of furniture and other building materials. In India, Sobha has presence in 13 states. It has global office in Oman as well (EconomicTimes, 2015). Ever since the humble beginning of the company, Sobha has been famous for benchmark quality, customer focussed strategies, strong ethical value and business accountability (Sobha, 2015). Besides, Sobha is the only backward integrated real estate player in the country. Backward integration includes an interiors division, a metal works and glazing factory, and a concrete products factory (Sobha, 2016). The vision of the company is to transform the way people perceive quality. The company has four divisions as seen in the figure below (Figure 1).

From the figure it is evident that, in Sobha Developers, CSR is implemented as one of the core activities of the company. The social empowerment and educational activities that are conducted by the company receive equal focus and priority along with profit making divisions of the company. The overall CSR embedded in the business model of the company include environmental, social and economic dimensions. In Environmental Sustainability aspects, Sobha has introduced the following measures in their overall business ethics (Sobha, 2015).

- ❖ Use of energy efficient solar power in residential projects and landscapes
- ❖ Measuring Carbon footprints and reducing emission using environment friendly technology
- ❖ Rain water harvesting methods in construction sites.
- ❖ Sustainable waste management practices



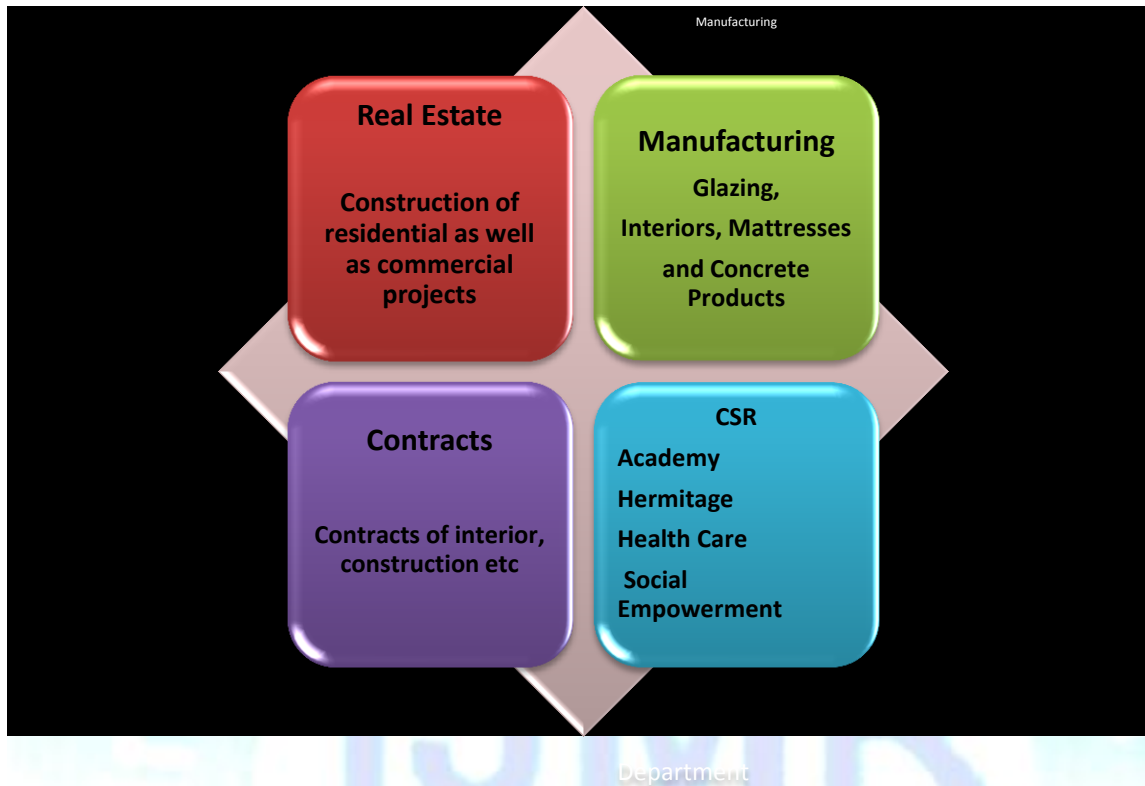


Figure 1 Divisions of Sobha(Source: www.sobha.com)

In employee welfare, safety and health related aspects, Sobha has pioneered others through the establishment of Sobha Academy, Sobha Vocational Training and Sobha health care. Besides, strict policies are in place to prohibit child labor in all the activities. Work place safety and health is ensured through exemplary practices (Sobha, 2015).

Though CSR and accountability is reflected in all the business operations of Sobha, the entire sustainability initiatives encompass a comprehensive list. Since the focus of the present study is the activities related to inclusive development and growth, the scope of the paper is limited to the activities of the social and economic empowerment unit of the company. The following section would explain the key activities of Sobha in inclusive growth and development.

#### CSR and Inclusive Growth: An Analysis of Shobha Developers

The CSR activities for inclusive development in Sobha is managed through a special entity called Sree Kurumba Trust registered under the Indian Charitable Societies Act. The Trust began its activities in 1995 itself, along with the operations of other key divisions of the company. Unlike other companies that channelize their CSR activities through NGOs or government agencies, Sobha focussed on direct intervention on the economic and social empowerment activities that it conducts. Hence, instead of perceiving CSR as a charity, the company has considered inclusive development as one of the four key divisions of the company (Sobha, 2015).

The CSR strategy of Sobha is unique in several aspects and evolved through different stages. After establishing the trust, Sobha Developers began the inclusive development activities after conducting an intensive field research in the poor and backward villages of Kerala in South India, the home state of the Chairman of the company. After exploring the socio-economic profile of the selected region through social mapping, the trust selected two Panchayats( lower level administrative units in the state below district) in Palakkad District of the state- Vadakkanchey and Kizhakkenchery. These two Panchayats were selected after careful analysis of the poverty level and social exclusion of the community in the villages. The fundamental mission of the company is the economic and social empowerment of the poor families of the selected region by 2020. There were estimated 2500 poor families identified by the trust as beneficiaries. The total outlay for CSR in the year 2015-16 was 155 million INR which is one of the top 10 CSR outlays in the country (Sobha, 2015).

In the next stage, the trust identified the key areas that can contribute to inclusive development of the community. This has done after consulting the community stakeholders and people's elected representatives. These sectors are represented in the figure below.



**Figure 2 CSR: Sectors**

The beneficiaries were selected from among the poorest of the poor families who form part of the Below Poverty Line (BPL) list prepared by the government of India. The program intended to attain holistic development of the selected villages through investment in the selected areas (Sobha, 2015). The focus activities include the following:

1. Sobha Hermitage: A senior citizens' and widows' home for poor people with world-class amenities
2. Sobha Health Care: A primary health centre with best-in-class facilities for medical treatment for the poor and marginalized people in the villages.
3. Sobha Academy: An exclusive educational institution for the underprivileged children for educational empowerment. As of now 913 children are provided free education through the school.

4. Sobha Icon: An educational initiative to improve the standards of Government school students in higher classes.
5. Sobha rural women empowerment: Economic empowerment of poor women through income generating activities.
6. Sobha Vocational Training Centre: Develop skilled tradesmen from the economically weaker sections of the society and provide them employment opportunities.
7. Sobha' "Mission: Zero Landless Kerala: donation of 3 cents of land each to 50 landless people in the selected region.
8. Social rehabilitation scheme for the people of the two backward *panchayats*
9. Social Wedding and direct economic assistance for poor families
10. Welfare programs for poor widows

From the list it is evident that the CSR of the company emphasize on holistic wellbeing and overall socio-economic welfare of the people. The inclusive aspects are reflected in the selection of poorest of the poor among the beneficiaries, priority of marginalized communities and other socially deprived classes including widows.

Secondly, the approach is focused on making the community sustainable in terms of income, access to resources and employment. Thus, skill building trainings are provided for unemployed youths, land is given for landless poor and education is provided for poor children who are deprived of formal education.

Thirdly, the strategy of Sobha is not based on charity or philanthropy. It centers on stakeholders perspective as the key strategies, programs and projects were finalized after discussing with the community.

Fourthly, all the programs are need based rather than centrally imposed top-down projects. All the key initiatives were designed and implemented after carefully conducted social mapping and survey among the core beneficiaries. Regular monitoring and discussion with the stakeholders helps to improve the content and delivery of the program. Identity cards were given to each selected family and after regular interval the trust update the data on each family. Through this process, it is easy to analyze the improvement in the economic and social status of the beneficiaries through regular review.

Finally, CSR programs in Sobha are target based and area specific empowerment activities aimed to bridge the existing in gap in key human development indicators including health, education, housing and employment.

Therefore, it is clear that the CSR strategy of Sobha developers is intended to attain inclusive growth and development. The focus on inclusive development is evident through the following key attributes of the program:

1. Selection of beneficiaries through intensive and participatory social mapping
2. Identification of 2500 extremely poor families who belong to the Below Poverty Line Category
3. Holistic empowerment of the families through bridging the gap in access to health, income, employment, education, land resources and shelter.
4. Regular monitoring and social audit to estimate the changes in base line data.



### Critical Evaluation

The above analysis has presented a precise review of the CSR activities of Sobha Developers in terms of inclusive growth. Needless to say, it is evident that CSR is a core value and fundamental strategy in Sobha rather than perceiving it as a philanthropic wing of the company. Apart from that the company has done extensive ground work and participatory social mapping in identifying and selecting beneficiaries and designing the program content and delivery. However, despite the drive towards sustainability and inclusive development, the CSR strategy has certain inherent weakness. One important aspect is the predominance of welfare goals in program implementation and delivery rather than the building of sustainable assets. Most of the programs like social wedding, direct financial assistance, free medical provision, free education and protection of widows still reflect 'charity orientation'. Instead of providing free medical assistance regularly, the company would have initiated a community based health insurance scheme in which both the stakeholders and the company invest small amount of money. This is more sustainable than direct medical support which would cost huge amount of money. Secondly, though the company has conducted baseline survey to select beneficiaries, there was no effort to conduct an interim survey to measure the qualitative and quantitative impact of the program in fostering inclusive development. This is a limitation. Hence, it is unable to evaluate the actual impact of the selected activities on the peoples' lives in terms of asset creation and livelihood security. Thirdly, the company has not provided the data on job oriented trainings and the actual number of people who are placed after the training. As a result an objective analysis of the program on rural transformation is very difficult.

### Conclusion

This paper has analysed the role of CSR in inclusive development with the specific example of Sobha Developers, one of the leading real estate companies in India. In India, CSR is still an evolving concept and majority of the CSR efforts focus on charity funding and NGO support through indirect support. Also, perceiving CSR as a part of the core business agenda is still missing in Indian corporate sector. In this context, Sobha is an exemption. The company started CSR not as a mandatory obligation rather it began along with the inception of the firm as a part of the regular business of the company. Hence, Sobha identified CSR as the fourth key pillar of its business along with manufacturing, construction and contract. Apart from that the company has invested money, resources and unique methodology to design and implement its social and economic empowerment activities. The programs are designed in such a way that it can help the social and economic empowerment of the marginalised and excluded population of the poor region. Therefore, the CSR in Sobha clearly represents its path towards inclusive growth and development. Though the strategies still suffer from some limitations, one cannot ignore the deep social commitment and ethical considerations of Sobha Developers in conceptualising and implementing CSR.

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