

Corporate Social Responsibility and Economic Responsiveness in India

This book provides a timely contribution to the study of Corporate Social Responsibility (CSR) and state–business relations in India. The development of CSR as a new component of business–society interplays has triggered intense debates and controversies. Corporate actors, governments, and other CSR advocates describe CSR as a promising opportunity to transform companies from societal problem-makers into societal problem-solvers. Conversely, critical commentators denounce CSR either as ‘window-dressing’, which hides corporate greed behind shallow commitments to social justice and environmental sustainability, or as a pernicious means used by companies to sideline regulatory constraints and manage business-relevant public affairs in their own terms. Departing from these controversies, this book mobilizes an original theoretical framework to examine empirically how CSR emerges from and retroacts on growing structural tensions between profit-making and competing collective values and interests in contemporary India. It shows at a macro-sociological level and with detailed case studies (cement industry; CSR public policies) that, paradoxically, CSR enhances the autonomy of the economy by making profit-driven economic processes more responsive to non-economic concerns raised in politics, law, morality, and other spheres of modern society.

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CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press
978-1-108-48536-4 — Corporate Social Responsibility and Economic Responsiveness in India
Damien Krichewsky
Frontmatter
[More Information](#)

CAMBRIDGE UNIVERSITY PRESS

University Printing House, Cambridge CB2 8BS, United Kingdom
One Liberty Plaza, 20th Floor, New York, NY 10006, USA
477 Williamstown Road, Port Melbourne, vic 3207, Australia
314 to 321, 3rd Floor, Plot No.3, Splendor Forum, Jasola District Centre, New Delhi 110025, India
79 Anson Road, #06-04/06, Singapore 079906

Cambridge University Press is part of the University of Cambridge.

It furthers the University's mission by disseminating knowledge in the pursuit of education, learning and research at the highest international levels of excellence.

www.cambridge.org

Information on this title: www.cambridge.org/9781108485364

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First published 2019

Printed in India

A catalogue record for this publication is available from the British Library

ISBN 978-1-108-48536-4 HB

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Abbreviations

ACC	Associated Cement Company
AITUC	All India Trade Union
ASSOCHAM	Association of Chambers of Commerce
BCF	Business & Community Foundation
BJP	Bharatiya Janata Party
BMS	Bharatiya Mazdoor Sangh
BoP	bottom of the pyramid
BSP	Bahujan Samaj Party
CCI	Cement Corporation of India
CEO	Chief Executive Officer
CII	Confederation of Indian Industries
CITU	Centre of Indian Trade Unions
CMM	Chhattisgarh Mukti Morcha
CMS	Centre for Social Markets
CPI	Communist Party of India
CPI-M	Communist Party of India – Marxist
CPI-ML	Communist Party of India – Marxist Leninist
CPSE	central public sector enterprises
CSR	corporate social responsibility
FDI	foreign direct investment
FICCI	Federation of Indian Chambers of Commerce and Industry
FII	foreign institutional investor
FIR	first information report
FTPA	Free Trade Practices Association
GCNI	Global Compact Network India
GDC	Guidelines Drafting Committee

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GDP	gross domestic product
GIZ	Gesellschaft für Internationale Zusammenarbeit
GRI	Global Reporting Initiative
HMS	Hind Mazdoor Sabha
INTUC	Indian National Trade Union Congress
ITC	Indian Tobacco Company
KPI	key performance indicators
LADA	Local Area Development Authority
MCA	Ministry of Corporate Affairs
MLA	Member of the Legislative Assembly
MoEF	Ministry of Environment and Forests
MPs	members of Parliament
MNC	multinational company
NFCSR	National Foundation for Corporate Social Responsibility
NGO	non-governmental organization
NIDHEE	National Initiative for Dwellings, Health, Education and Employability
NTPC	National Thermal Power Corporation
NVGs	National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business
OECD	Organization for Economic Co-operation and Development
PBSS	Paryavaran Bachao Sangharsh Samiti
PiC	Partners in Change
PIL	public interest litigation
SCF	Standing Committee on Finance
SDM	sub-divisional magistrate
SEBI	Securities and Exchange Board of India
SEZ	special economic zone
SST	social systems theory
TBL	triple bottom line
TERI	The Energy and Resources Institute
TSRDS	Tata Steel Rural Development Society
TWS	Tribal Welfare Society
UTUC	United Trade Union Centre
VRS	voluntary retirement scheme

Preface

Corporate Social Responsibility (CSR) is an intriguing modern phenomenon. Since the development of corporate capitalism, owners and managers have been called upon to adopt ‘responsible’ business practices, that is, practices which can help society overcome its problems (for example, poverty, inequalities, harsh labour conditions, corruption, environmental degradation) while also benefitting companies thanks to enhanced public trust and legitimacy. With more or less willingness, companies have answered this call by dedicating resources to show their ‘responsible’ commitment to social welfare and progress, beyond the normal course of business and abidance to law. Under the catchwords of ‘trusteeship’, ‘corporate citizenship’, ‘stakeholder management’, ‘triple bottom line’, ‘doing well by doing good’, or ‘shared value’, the CSR discourse tends to repeat itself – *plus ça change, plus c’est la même chose*. However, CSR has also changed substantially in terms of both form and outreach. Since the 1990s in particular, as large companies have been dragged into growing controversy regarding their harmful social and environmental impacts, CSR has expanded worldwide in business organizations and governance structures with the promise to harmonize business–society interplays.

In the face of recurring discrepancies between the objectives put forward by CSR and the actual behaviour of firms, it is clear that CSR is not as virtuous and transformational as its promoters like to claim. Nonetheless, given the institutional and cultural extent of the phenomenon, CSR is bound to have effects that formulas such as ‘managerial fancy’, ‘window dressing’, and ‘green washing’ fail to grasp. How has the development of CSR in companies’ organizations changed the way these companies perceive and respond to problems in their social surrounding? How has CSR changed the way society perceives companies and conceives of their role within and beyond the economic sphere? Overall, is CSR about tuning capitalism to the expectations of other spheres of society, such as morality, law,

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or politics? Or is CSR rather intended to make morality, law, and politics more compatible with the profit-oriented processes of a globalized capitalist economy?

In India, where economic reforms starting in the 1980s have initiated a development strategy based in large part on private industrial growth, with extensive political support to large companies and a significant relaxation of regulatory constraints, the questions raised by CSR have become particularly salient. Old Indian conglomerates such as Tata and Birla, new industrial giants such as Reliance, as well as foreign multinational companies with deep pockets and state-of-the-art technology, have been the beacon of India's economic 'emergence'. But large companies have also faced intense resistance on the ground of the contentious social and environmental impact of their activities, such as land acquisition processes mired by corruption and violence, harsh working conditions, large-scale industrial pollution, and the commercialization of unsafe products. In this tensed Indian context, how has CSR affected interplays between companies' profit-oriented activities and the collective values and interests underpinning India's developmental aspirations?

Investigating these interplays between corporate capitalism, development, and CSR has taken me on a fascinating intellectual and human journey. Whether in research centres and libraries, at international conferences, in shiny corporate meeting rooms, or in the homes of local trade union leaders and activists, lost in the labyrinthine corridors of Indian ministries, or while conducting interviews in snowy Himalayan valleys and dusty villages of central India, I had the privilege to meet and exchange with inspiring people. Their interest, open-mindedness, and support have been invaluable throughout this research endeavour.

I am particularly thankful to Professor Erhard Friedberg, Professor Jean-Gustave Padioleau, Professor Denis Segrestin, Professor Christophe Jaffrelot, Professor Loraine Kennedy, Professor Stéphanie Tawa Lama-Rewal, Professor Jean-Luc Racine, Professor Leïla Choukroune, Professor Jens Beckert, Professor Rudolf Stichweh, as well as my numerous other colleagues and friends from academia for their insightful advice and the stimulating exchanges we had over the past few years. I would also like to gratefully acknowledge the institutional and financial support provided by the Centre for Sociology of Organizations (Sciences Po-CNRS, Paris), the Centre for Social Sciences and Humanities (MAE-CNRS, New Delhi), the Centre for South Asian Studies (EHESS-CNRS, Paris), the Max-Planck Institute for the Study of Society (Max-Planck Society, Cologne), the Forum International Science (University of Bonn), and the Réseau International de Recherche sur les Organisations et le Développement Durable (RIODD – International Research Network on Organizations and Sustainable Development).

The field research I conducted in Chhattisgarh benefitted immensely from the assistance of Durga Jha, whose energy, high spirits, and deep knowledge of

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the region have been extraordinary. I would also like to thank Viraf Mehta and Khurram Naayaab for their help and precious friendship. I am also indebted to all interviewees who shared their time, knowledge and networks for this research, including in particular the managers and workers of Lafarge India and of the other companies I studied; the politicians, bureaucrats, and experts who recounted how they crafted India's CSR public policies; the trade union leaders and social activists I met, whose dedication to social justice and democracy have often been inspiring; and the many village dwellers who introduced me into their homes and lifeworlds.

I dedicate this book to my family and friends.