THE SHIFT FROM CSR TO SHARED VALUE: ARE INDIAN COMPANIES READY

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Abstract:

In the field of business the social factor is just as important as the economic factor. They both are interconnected and have a significant impact on one other. Businesses acknowledge this and agree that for a healthy business, maintaining a peaceful and sound relationship with the society is very crucial. This is where concept such as Corporate Social Responsibility has arisen and further developments are made as to cope with the rapid changes in the business field. A more profound and new approach is Corporate Shared Value which overshadows the concept of charity and aims at creating a value that enables both the business and the society to benefit mutually. In this case, a rapidly growing economy such as Indian has been selected. This paper aims at providing an in-depth insight on both Corporate Social Responsibility and Corporate Shared Value and their impact and potential in the Indian society. A few Indian experienced business men were interviewed on these concepts and a practical initiative taken by one of the men interviewed has been presented. Upon analysing the interviewees' responses, the possible opportunities and threats in terms of sustaining their business in India has been discussed.

Keywords: corporate shared value, Sustainability, corporate social responsibility

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Acronyms

CSR- Corporate social responsibility

SV- Corporate shared value

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1. Introduction:

1.1 Problem Description:

India is one of the fasting developing countries in the world competing with china. It is the home of many cultures and religion which enables diverse business opportunities and attracts many businesses and investments from all over the world. By acknowledging this, one would only assume that the businesses are very much engaged in social activities and the companies would have an impressive relationship with the communities they operate in. In reality this is by far anything but the truth. Although India is currently experiencing rapid growth it is not growth that is inclusive. It is forecasted that India will not meet many of the 21st century goals. Just as a quick example to get an idea of where India stands, it is expected that in India more than 40% of the children will be under malnutrition. The same is the case with problems such as infant mortality, inequality, poverty, lack of basic sanitation and health, environmental degradation and women empowerment [1,2].

Putting aside the political conditions on why these issues are not addressed, it would be rather a more suitable approach to see what business potential these issues hold. This is where the concept of shared value entered in India and is thought to be the potential solution for the above mentioned issues. But, the author of this paper knows the complexity of the India society wants to test if the Indian companies are really up to grabbing the opportunity [11].

In order to do so, first the attitude, performance, impact and implementation of the existing social engagements of business like Corporate Social Responsibility (CSR) is to be studied. This lead to the framing of research question 1 and 2. To test the attitude toward shared value and new business opportunities research questions 3 and 4 are framed.

The main aim of this paper is to gain an insight on the attitude of Indian businesses toward new opportunities and possibly to get an idea of the time it takes for the shared value approach to reach throughout the country.

1.2 Research Question:

- Is CSR being carried out in Indian Companies effectively?
- What are the motivations and barriers for carrying out CSR activities in India?
- Are Indian companies willing to lean towards shared value?
- Is Shared Value a possible solution for the Indian Companies to solve India's social problems?

1.3 Thesis overview:

Chapter 2 - Illustrates an in –depth literature of Corporate Social Responsibility.

Chapter 3- Describes the importance, role and potential of Shared value.

Chapter 4- The methodology opted for the research of this thesis and the process is explained.

Chapter 5- The results of the research are exposed

Chapter 6- Discusses the results and the research questions are addressed.

Chapter 7- Concludes the thesis work and further improvements are suggested by stating the limitations.

2. Corporate Social Responsibility:

2.1 History and Evolution of CSR:

The modern CSR movement deals with Human rights, right to employment, rightful and safe work conditions and equal and fair work and pay. The concept of social responsibility gained importance after the social activist movements of the 1960s and 1970s [3]. Milton Friedman rises a perspective of businesses to address the social problems which was published in an article of 1970 New York times Magazine [3]. It stated the need or the businesses to engage social activities to increase profits following ethical values and without deception of fraud. The awareness of CSR has tremendously increased in the 1990s due to privatization, deregulation, corporate takeovers and buyouts that took place in 1980s which accelerated globalization, flow of capital and communications across borders. Stakeholders started demanding the companies to be responsible for their business practises and provide transparency. Companies started giving in as maintain a healthy relation with the local communities is essential for uninterrupted business operations. This has evolved to what we know today as the concepts such as corporate citizenship, sustainability, Bottom of the pyramid models, social enterprise, corporate ethics and etc. [3]

2.2 Defining CSR:

The European Union defines CSR as tool that companies voluntarily uses to address the social and environmental issues in their business operations while interacting with the stake holders. So, as observed above in most of the CSR activities stakeholders play a key role. Stakeholders are those people that are the activities of business are impacted by and also those people that the activities have an impact on [4].

There are two types of stakeholders [4]:

Primary stakeholder: The primary stakeholders are people such as investors, employees, customers, suppliers

Secondary Stake holder: The secondary stakeholders are the media, government, and other authorities.

The term corporate in the CSR misleads leaving with the perspective that it is only for the big corporate companies. CSR can be incorporated into all kinds and sizes of businesses. SME's play a significant role and hence by engaging in CSR activities will yield no lesser benefits than it does to big corporate companies.

2.3 CSR models:

2.3.1Pyramid model of CSR:

Discretionary
responsibilities

Ethical
responsibilities

Legal
responsibilities

Economic
responsibilities

Figure 1 Four stages of CSR [6]

Be a good
corporate citizen — Philanthropic responsibilities — Contribute resources to the community; improve quality of life.

Be ethical — Ethical responsibilities — Obligation to do what is right, just and fair. Avoid harm.

Obey the law — Legal responsibilities — Law is society's codification of right and wrong. Play by the rules of the game.

Be profitable — Economic responsibilities — The foundation on which all other rest.

Figure 2. Pyramid model of CSR [6]

The pyramid model of CSR seen in figure 2 was developed by Carrol in the year 1979. It is a development of the previous model of four stages CSR seen in figure1. In this model there were four responsibilities presented by the Carrol for the business engaged to be in CSR. They are economic responsibilities, Legal responsibilities, Ethical responsibilities, Legal responsibilities, and philanthropic responsibilities. It reflects that CSR involves an operation of business that is economically profitable; abiding the law follows ethics and supports social welfare. Despite many CSR definitions and models have been offered in the past time this has been most referred by the companies due to the reasons that it is simple and easy to understand and the fact that it has been a tested model supported by findings [5,6].

Initially the company's motive is to attain economic profits through business services and jobs to be able to make any kind of difference. This is the prior motive of any company which should be done by playing by the rules and abiding the legal constraints. It is also the responsibility of the company to be moral and ethical in achieving things in the right and fair means. Eventually ultimately being a good corporate citizen by satisfying all the three economic, legal and ethical domains and incorporating philanthropic values towards social issues [5,6].
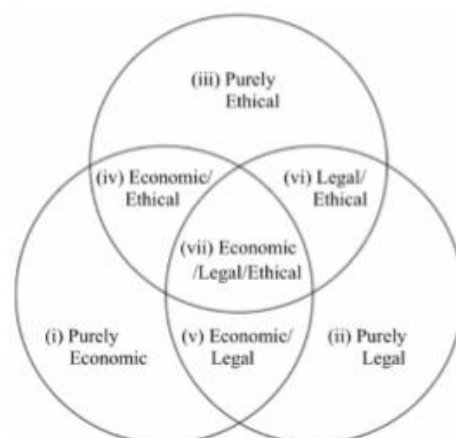
2.3.2 The Three Domain model of CSR:

Figure.3 three domain model of CSR [4]

Although the pyramid served the idea of presenting different stages of CSR activities, the hierarchy structure created several confusions in complex situations which lead to the proposal of the "Three domain model of CSR" seen in figure 3 which serves as an alternative.

This model is made of only three domains named economic, legal and ethical domains. This allows companies to elevate work in a particular area rather than working equally in all three domains. As a result depending on which domain they dominate on more than the others, a company could belong to any of the four CSR portraits as shown in figure 4 and be categorised under any of the seven overlapping areas shown in figure 3. The philanthropic responsibility is taken out as motivations for philanthropic efforts are subjective to each company.
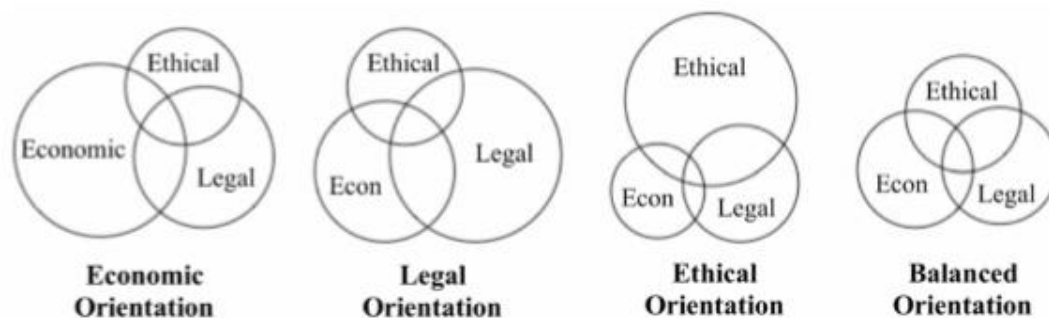

Figure 4. The CSR portraits [4]

2.4 Criticism of CSR:

While CSR was initiated as a requirement to maintain a clean and safe relationship with the communities in the 1960's, it turned out be a huge deal even now in the 21st century. But, CSR exists today facing a fair amount of criticism. CSR doesn't involve the social issues in the core function of the business but rather treats it as an opportunity to gain reputation. Many believe that companies with even little CSR efforts publicize them to gain an unfair amount of image, violating the ethical code involved in the CSR [7]. CSR is a voluntary activity which doesn't really impose a long term commitment from the companies, which makes it easy for the companies to step back, relax or withdraw at any time [8]. Another main criticism of the CSR is that many companies may portray to be engaged equal rights and fare workplace where as they search for outsourcing opportunities in developing countries compromising the rights they portray are fighting for. The most significant criticism that CSR face is that companies look at it as an opportunity to get tax exemptions and most of the time the efforts wouldn't really have a noticeable social impact [7,8].

3. Shared value

3.1 Emergence Shared Value

CSR activities don't require the companies to incorporate social issues into their core business function. Companies that engage in CSR activities generally hold a socially neutral position where they either engage in CSR activities with a vision of charity, or forced to act by the society as such in a generic way to be accountable for the damages caused by them and withhold their reputation for smooth operations of business. The social impact of either of such CSR activities is very less and lack s sustainable vision for the society. The impact is often very limited to the amount of money donated [8].

However, increasingly a huge number of companies are realizing that their cost on the society can yield better results. A few have went beyond this and exposed the true potential of what business have in societal progress if they can align their business core functions with the social problem [9]. The concept of "shared value" is what these companies believe in (Figure 5).

Creating Social Value: Investments that address social and environmental objectives

Creating Shared Value: Investments in long-term business competitiveness that simultaneously address social and environmental objectives

Creating Business Value: Investments in long-term competitiveness

Figure 5. Shared Value [9]

3.2 Creating Shared Value:

Companies can create shared value in three ways:

Redefining value chains:

Companies need to find a way to increase quality, finding the right quantity, cutting down costs and reliability of inputs and also distribution while taking up the role of safeguarding

the vital natural resources by thus driving economic and social development. For example, Hindustan Unilever Company have initiated Shakti program, through which it has designed a cost effective distribution network for its shampoos, soaps and other personal care products for small rural populations in India. This created employment for many women in those villages creating a mutual beneficial result [9,10].

Reconceiving products and services:

Companies need to lean towards innovation. Innovations have the power to fulfil many social needs while serving creating new markets and discoveries. For example, HP develops a wide range of technological innovation projects aimed at finding solutions to pressing problems in education and health. It works on areas such as cloud computing services which would cut down the cost of education to a very good extent or secure labelling which can be used to eliminate fake and counterfeit medicines from the market which can save lives [9,10].

Strengthening local clusters:

Companies must acknowledge that they do not operate in isolation from their surroundings. To operate smoothly, they need to be having a reliable supply and logistics department, supporting infrastructure, skilled and talented employees, and an overall effective legal system. Efforts are to be put in attain these assets. For example, an Anglo American SME invested more than $3million in a location of south African communities where Mining is the key source. This has resulted in creating over 10,000 new jobs. The local communities benefit for the economic development where as the company has established easy and cheap access to high quality suppliers [9,10].

According to, shared value is an evolutionary move rather than a revolutionary one and represents a shift of paradigm in the role of companies in the society [9].

3.3 Building blocks of Shared Value:

According to, the creating of Shared Value can be parted into ten building blocks. Together they can use as a form of blueprint shared value agenda and transform into action. These cover the areas of starting with a clear vision to measuring, learning, and communicating.
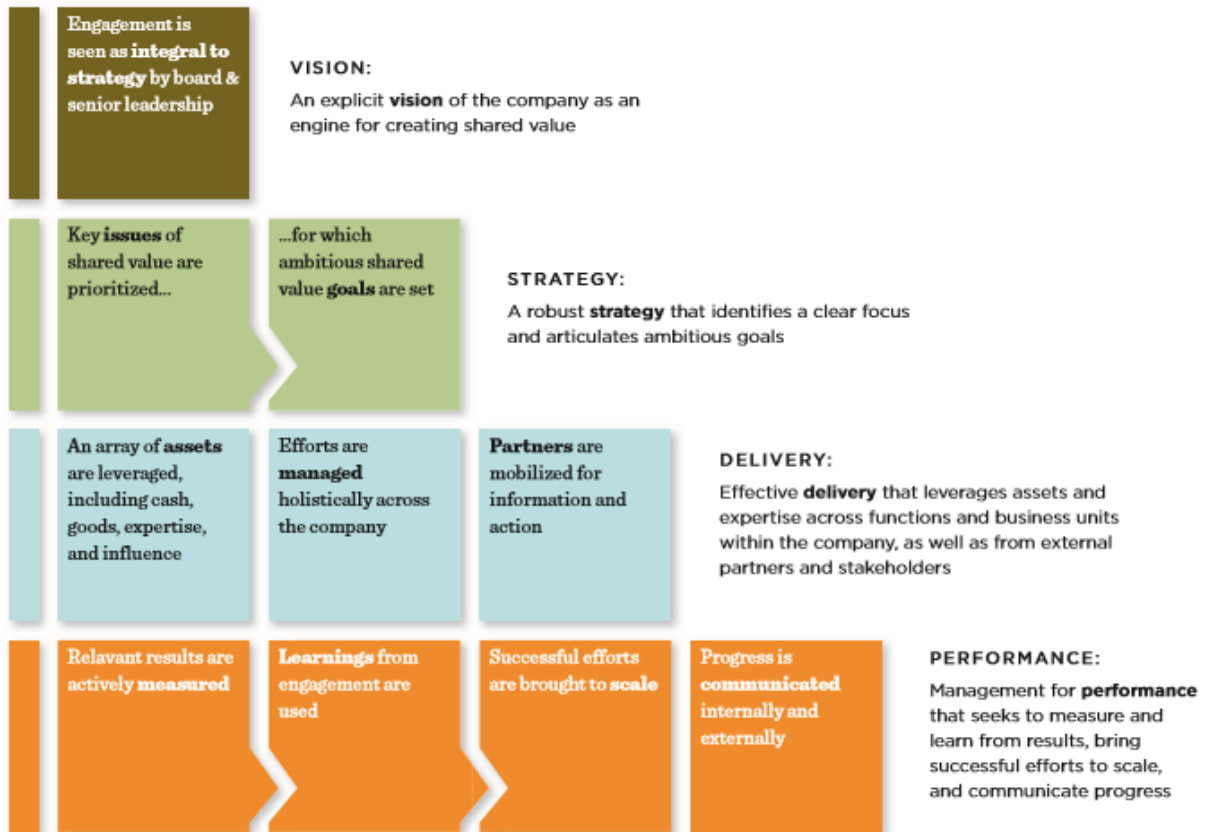
Figure 6. Building blocks of Shared Value [9]

Establishing a strong vision:

The creating of shared value begins with a strategic decision of the corporate leaders. To make a meaningful impact through managing the resources, focusing on the issues and to have the long term thinking, the key thing is to have commitment from the top. Without this, it is very unlikely that a company would achieve ay goal. It is the senior management that sets of a motivating tone and unleashes the creativity of any company. The vision of the top management is what should drive the entire company towards a common objective and this image reflected through the company performance is what leverages new parties to the table [9, 10, 11].

Kimberley process and the Diamond development initiative are two programs in which the power of leadership was showcased. The programs are initiated by the De Beers Group. Over the last decade, the programs aimed at eliminating blood diamonds which are illegally traded to fund war areas. The results show that after the initiation of the programs the supply of conflict or blood diamonds reduced from a 15% to less than 1%. This result was only

possible due to the sheer long term industry wide vision, commitment and leadership of the De Beers Group.

Developing a robust strategy:

A vision can only be transformed into action with the help of a clear strategy. The strategy must be emphasising on seizing relevant opportunities and measurable goals. A strategy gives form and direction to the main vision which ensures that the efforts are transformed into meaningful results.

The key shared value issues are to be prioritized:

The strategy must be designed and tailored in a way that it supports the company's exclusive positioning and capabilities. The social challenges addressed are to be genuine and should also present an opportunity for cost reduction and growth for the company. Rather than allowing outside stake holders to make the decisions the company must shape its identity and prioritize the process internally. This is a way to have complete control over the process and have a maximum chance of creating value [9, 10, 11].

*Set specific and ambitious goals***:**

Setting an initial goal is a crucial tool in creating shared value: It helps to focus on specific tasks and activities, ignites and carries momentum, sets personal liabilities and accountabilities. A well crafted goal inspires and creates ambitions thus enhances innovation. However, a perfect balance of the process is to be maintained from defining outcomes and allotting freedom to meet them [9, 10, 11]..

Manage delivery:

After setting ambitious goals on issues, the next is to mobilize the internal and external resources.

Deploying assets to address the issue:

Cash, goods, skills and knowledge of the employees, influence through political and business networks are the assets that are normally deployed by the companies to address the issues. An imaginary combination of the mentioned assets are though out to evaluate where the company would have a competitive edge over others. For example, the initiate of the Medtronic's NCD involved bringing together its R&D, marketing, volunteers, and

philanthropies to design a solution for chronic diseases. The unique expertise area of the company is utilized in fulfilling the vision [9, 10, 11].

Holistic management of the efforts:

The task of social engagement is not limited to one particular section. It needs to become a part in wide range of roles and functions. The CSR personnel role is also very important to coordinate the process rather than acting as just an administrator. Often a CSO is appointed who would directly report to the board and coordinates the sustainability engagement processes [9, 10, 11].

Collaborating with partners:

Companies consult stakeholders and NGO's to have a better understanding over the issue and gets associated with relevant communities. New networks are reached out and connections are formed. However, the final decisions are decided within the company and do not let others dominate the task in the agenda.

Creating a structure for improved performance:

To create shared value, an effective strategy is to be in place to deliver high performance. The ambitious goals that are set to meet require continuous improvement from the whole team. This can only be possible when their performance is evaluated and thus facilitating a chance to meet milestones, learn from experience and make necessary adjustments, include new and eliminating old factors and communicate with other parties [9, 10, 11].

Measuring key indicators:

The performance is tracked by measuring against a baseline and also keeping track of the changes in the issue that was targeted. It's equally important to be updated on the progress of the issue to adjust the strategies and performance accordingly [9, 10 and 11].

Learn from the measurements to improve: being out in the market for constant look for opportunities to optimize investments and re-engineer aspects that are not up to the par as hoped is crucial for successful initiatives.

Addressing the issue at a scale:

It is to be understood that the opportunity of creating a shared value is often tied up with complex social challenges. The process of attaining solutions, if not acted at a scale will have very low social impact and negligible corporate competitiveness. It is important to identify the high performing and progressing initiates and allocate resources to them and way from underperforming initiatives. Because the efforts that will be put into every initiative will be genuine by the employees, it may be hard to take away resources as they would have an emotional attachment with the initiative. However, managing resources in an efficient way is very essential [9,10 and11].

Communicating with internal and external audience:

CSR reporting is just not enough to communicate with neither the internal nor external audience. A wide range of communication approaches are to be employed. The company needs to know what to communicate, who to communicate with, how and when to communicate. Communicating internally is very important key as creating shared value need commitment from all the employees of the company. It is important that everyone is aware of what is going on inside their company and then only they can communicate about it with external parties.

3.4 Getting Started:

The conventional way of corporate engagements in social issues is addressing them outside their business core functions. Usually special teams are in place to take of the engagements outside regular business functions. Goals of the corporate are primarily defined in term of internal and external reputational changes among the recruiters, pressure groups or current employees.

Adapting to the concept of Shared Value and incorporating it into a company generally requires initially a huge change of mindset and attitude with in a company. Creating shared value defines social engagement as a long term investment. Here, the companies don't react to external pressure rather they let their set goals and aims based on their interests, business goals and vision for the society. The reputation of the company is not neglected rather, its efforts in social engagement results an image for the company. Companies which look to create a shared value go through a change process which requires high commitment and

patience. Though the story is different in for each company there are three common principles and lessons for all the companies that look to take the journey [9, 10, and 11].

- Work should be done inside out and top down approach is to be adopted to
- Patience is the key as embedding the shared value approach takes time.
- Rather than program and project managers Change managers are required

Inside out and top down approach work:

The vision of creating shared value requires a re- orientation of how the companies perceive themselves in the first place. The change starts from within the company where every needs to believe in the vision and had bought in to the zone of commitment.   The company should have a common goal, vision and systematically incorporate it to their corporate DNA. This requires an effort from the whole top management to take the initiative to voice up, inspire and motivate as many employees as possible. This can be treated a ripple effect where the initiation of the top management will send a wave throughout the company [9, 10, 11].

Shared value approach take time:

It needs to be understood that creating a shared value takes time and it cannot be forced. It is a journey of several years. It requires high patience and maturity for a company to transform the vision into value. Communicating the results and progress at every phase is very crucial as it keeps and maintains the momentum. Tracking results in a shared value initiative can be much challenging than to what most managers are used to. Companies need to realize that the impact of investments made socially will take much longer than regular business investments. It's important to direct the measuring process in a strategically manner. A robust framework has be adopted which can track progress and also enables updating the strategy according to new information [9,11].

Change managers are required:

Directing such change that is involved in a shared value initiative can be very pressuring or different for a CSR officer and Philanthropy staff. Primarily, managers are focus on external engagements, communications, grant administration. These are still very important in creating shared value but they are not the main central actions. The primary focus must be on managing the wave of change throughout the company. This of course, requires sufficient

authority to take necessary moves. Often, companies in the shared value initiative hire a senior level sustainability officer reporting directly to the board [9, 10, and 11].

3.5 Main Difference between CSR and Shared Value

- CSR try to do good by engaging in social activities where Shared Value aims at creates a long lasting value
- CSR can be done through moderate commitment where as shared value initiates demand high commitment and patience.
- CSR results are short term while Shared value results if successful yields long term competitive edge for the company creating new products and strong reputation.
- Unlike CSR, Shared Value requires the integration of the issue into the core functioning of the business.
- CSR can be done by a designated officer of the company where as a top down management engagement initiated from the CEO is essential for the shared value initiate to be successful.

4. Methodology

There are three main types of research works. Exploratory, Descriptive, and policy oriented research. This thesis is an exploratory thesis where previous research work on the involved concepts are studied in detail and understood. Up on understanding the concepts, the goal of this research is to present a limelight on its current awareness and practical implementation and also provide an analysis on how it can be used better or rather more effectively for a bigger ultimatum [12,].

For the above to happen, data is to be collected from different companies. Various ways are adopted to collect the data to simplify the data collection process and also to eliminate any discomfort for the participants. There are two main types of data collection methods Quantitative and Qualitative. While a few researchers opt to design their data collection process on both the methods, only qualitative method is adopted for this research.

Quantitative research mostly deals with collecting, retrieving and analysing data in the form of numerical and statistics. This type of research is mostly opted when a result is desired to be interpreted in the form of quantity, scale or an arithmetic value.

In contrast, qualitative research deals with data which is in the form of words. It is an exploratory type of research where an understanding is achieved after analysing issue related reasons, opinions, affects and motivations. An in-depth insight is attained to develop ideas and solutions for development [12].

As the main motive of this thesis is to have a close interaction with the interviewees and make use of their time as best as possible, quantitative method such as a survey was not selected. With the level of business experience that the interviewees have, a survey would have been resisted by them or could have yielded out dishonest answers. For these reasons, a qualitative method such as interview was selected.

4.1 Literature review:

Literature review is an important section in conducting and documenting any research. It is an evaluation of the previous and current literature on the selected issue or topic. Although there are several types of literature review methods available, all of them mainly aim at:

- Providing an interesting context for the research and justifying it.
- Highlighting the flaws of the previously done research.
- Identifying a gap that a research is trying to fill.
- Enabling the reader to understand the concepts associated with the research.

A clear and detailed literature study on the Sustainability, CSR and Shared value done is presented in chapter 2, 3 and 4. Books, open journals and online databases were the sources of the literature used in this research. A case study is also presented in chapter 5 which is taken from the available literature. The current available research has inspired the formulation of the research questions and also in designing the qualitative data collection process. It is the knowledge gained through reviewing the literature that enabled the author of this thesis to meet and discuss the selected issue with professionals and business network in India.

Now, the conventional way of the conducting a research study of surveys and interviews is to approach the companies with papers of questions. As the concepts of the Sustainability, CSR, and Shared Value are more management related, an initiative has been taken in this research where the surveys and interviews are conducted on Business owners, Entrepreneurs and top management of companies rather than companies.

4.2 Interview:

Interview is an effective way of data collection in a research. It rather than focusing on statistics and numbers, allows the interviewer to have a conversation and gain an understanding of the participants responses. Many researchers opt for the interviewing procedure as it enables more of a cause, reasons, motivation and psychological analysis of the issue.

Profile of the Interviewees:

All of the interviewees have been in their field for more than 15 years and are well respected individuals in the society. All of them were men.

As per agreement terms, the names and identification of the interviewees participating in the interview was kept confidential. They were given fictional names as IN1, IN2, IN3, IN4, IN5, and IN6 as a total of 6 people were interviewed.

IN1, IN2, IN3, IN4 all own their respective manufacturing companies (SME's).

IN5, IN6 own their respective pharmaceutical company.

4.3 Conducting the Interview:

The interview that has been carried out in this thesis research is a telephonic interview where a direct conversation took place between the interviewer (the author of this paper) and the interviewee. Each interview took place individually. The interviewees were read their rights and rules initially and then only the interview was preceded. For a comfortable interview process a more informal approach has been chosen. This also resulted in a better discussion over the issues rather than a simple question and answer yield. The interview was conducted in the language of English and also a local language called Telugu was used as to make the interviewee as comfortable as possible.

The interviewees were given the freedom to express their views without any interruptions and judgements. Each interview lasted about 30 minutes to one hour. About 10 main stream questions were framed and asked in the interview. It was made sure that the interviewee understood the questions before they answered.

Questions regarding their experience in the field, their company were initially asked. As the interview proceeded, the main intention was to gain each interviewees insight and awareness on the concept of CSR and SV.

5. Results of the Interview

5.1 Responses of the Interview:

When asked about the type of business they own and how long have then owned it , it has been found that IN1,IN2, IN3, IN4 all own manufacturing SME for over 15 years and IN5, IN6 each own a corporate level Pharmaceutical company.

All the interviewees have responded that society plays an important role in their business and IN5, IN6 have mentioned that as they own a pharmaceutical company they have a direct liability and try to make sure to maintain as clean relationship as possible with the society.

When the interviewees were asked about giving back to the society all of them said that they have gratitude for where they are in life and what they have earned. They all said that they do engage in personal charity works. All of the interviewees have admitted that they are aware of CSR.

But, when asked to clarify about the CSR importance in their business and their CSR activities IN1 said that his business mostly runs on his hard build network rather than his charity activities so he would not be comfortable spending too much on it . IN2, IN3, IN4 have answered similarly saying that they take good care of their employees but, when it comes to business they normally would not have time for such.

IN5, IN6 are the only ones that have answered positively. IN5 and IN6 disclosed that they engage in activities such as distributing free food, donations to welfare organizations, educating people on nutrition, sanitation and conducting local health camps etc.

IN5, IN6 are the only companies who document their CSR activities. But unfortunately, both companies had admitted that they do not follow up on their past CSR activities.

IN1 mentioned that he updates himself regularly in terms of technology as he deals with high-end clients. IN2, IN3, IN4 said that they normally do not have time to think in a technical aspects and normally would just need to make that their routine operations operate

without any hassles. IN5, IN6 said that they have the technical aspects are normally taken care of their engineering or research team and situations and doesn't really demand for them to get involved.

The longest interview took place with IN6 who is the only one that really seemed to be very engaged in social improvements and was much exited on the concept of SV. He himself admitted that the conventional CSR practises have been a temporary heals and first aids and does not have a sustainable impact on the society. He also mentioned that if possible he always wishes that his company stands out from the rest and want to reach out to the stakeholders and regular people with a strong social reputation on his company's profile.

The interests of IN6 lead to more discussion on the concept of the concept of SV. Unexpectedly, IN6 has shared a few details of a food processing company of which he partially owns. The company has not been completely established at complete level yet but, a few projects have been taken up and the production process in the planning stage.

IN6 shared that his family has been from a farmer's background and sometimes feel sorry for the current lifestyle of the famers in the India. He asked for any suggestions on how Shared value can be incorporated into his company.

This was an unexpected challenge given to the author of the paper and it was treated as a chance to practically see the scope of knowledge that the author had gained through reviewing the literature for this research. As per the request of IN6 an analysis has been presented to him, which is discussed in the next chapter of this paper.

After a few days, It was informed by IN6 that the analysis presented by the author of this paper, has been thought out and based on it his team has been visiting the village of Kuppam in Chittoor District, Telangana to initiate the process. He also shared that the farmers were initially sceptical but later understood and appreciated the effort and mainly the vision.

6. Discussion

The analysis presented to IN6 :

The company owners (IN6 and his partner) had very strong financial resources and were willing to be open to any new innovative ideas and opportunities. As shared by IN6 in the interview his personal concern towards the life style of farmers in India was considered initially and analysed if there is a possibility of satisfying this concern in a way that a mutual benefit can take place between the company and the farmers.

The problem had to be aligned with a business requirement of the company. Normally the way that farmers in India function is by growing their crops and selling them to people. But, as most of the farmers are uneducated and lack knowledge of business skills they approach vendors or mediators that sell their crops for them. The mediators take a certain amount of commission in order to do so. Although this sounds very simple, it has become an unethical practice of the mediators where their commission to sell has become standard irrespective of the problems relating to crops yields of the farmers. The droughts, floods and demand for the crops are often taken advantage of the mediators and exploited by offering them unfair prices. Due to the lack of financial resources to farm for next season, the farmers unwillingly takes loans at high interest rates with the hope of better days in the future. From any perspective, it is the farmer that ultimately looses.

This problem had to be aligned with a business requirement of the IN6's company. As the company is a food processing company, the solution was pretty straight forward. The main requirement of the company would be raw materials such as fruits and vegetables. Assuming that the concern of IN6 is legit and he would try his best , It was suggested to IN6 to involve the farmers in their supply chain as the main suppliers without and vendors or mediators playing any role. This would eliminate mediators cheating and exploitation the farmers and ensures that the farmers are getting a fair profit for their crop yields and a long term, and trustworthy buyer.

The company was also suggested to invest their resources on educating the farmers on seasonal and unseasonal farming techniques and build a strong relationship with the farmers (treating them just like any other professional supplier).

The food processing company is situated in the city of Hyderabad in the state of Telangana. It was advised to find an area close to Hyderabad and with scope and farming potential which meets the demand of the company. Another aspect considered is that farther the distance, the more that is to be spent on transporting the raw materials.

Expected Results:

- ✓ Creates value
- ✓ Effective and Impactful problem solving
- ✓ Builds reputation and image of the company
- ✓ Open new Opportunities in terms of stakeholder engagement and corporate tie ups
- ✓ Gains loyal stakeholders hence attracting new investors.
- ✓ Gets noticed by the Governments and possible subsidies.
- ✓ Creates employment
- ✓ Becomes a benchmark and inspiration for other organizations and researchers.

Requirements:

- ✓ High patience and Commitment
- ✓ Initial Capital
- ✓ Continuous research
- ✓ Building an effective business model

Threats:

- ✓ Pressure from the existing vendors and mediators
- ✓ Miscommunication between the farmers and the company
- ✓ Disturbance from corrupt authorities

It has been observed that IN6 was the only company who was thriving for innovation, social engagement, and long term benefits among all the 6 interviewees. The most contributing result of this research is the serious initiation taken by IN6 into the journey of creating shared value upon embarking the issue of Farming. Up on analysing the responses of IN6 to the

literature presented in this paper, IN6 definitely has the resources, vision, patience and the leadership skills to achieve the newly set ambitious goal.

The following are the observations made from IN1, IN2, IN3, IN4 responses:

The main observations made from the responses of the Interviewees:

IN1, IN2, IN3, IN4 lack of interest is due to:

- They feel that CSR, SV or the social aspect is not that important
- Lack a long vision
- They feel that their reputation is not under any threat
- No pressure from the companies that they supply to

Threats and prediction to the companies of IN1, IN2, IN3, IN4:

- No competitive edge
- Loosing on bigger opportunities to stand out
- Will eventually lose to highly motivated start up's

IN1, IN2, IN3 and IN4 lack all of the above mentioned qualities and thus have a threat to sustain their business in the long run as the business field is rapidly turning towards new opportunities to create new markets. *IN5 has been at a neutral state and it seems that they are engaged in other business aims currently but, nevertheless neglecting the social dimension completely which is appreciable.* The history of CSR as presented in the literature goes to the time of 1980's and not being able to give importance to that in the 21st century is very concerning and a question arises of what practices have been done to sustain their business till date. This might be the right time for new start ups to capture the market as it now seems like many companies are in a "relaxed state" of doing their business.

7. Conclusion

Businesses and the social dimension they operate in are very closely connected. The conventional approach like Corporate Social Responsibility looks at maintaining a healthy relationship with the communities to ensure smooth operations of their businesses. The invest made by the companies in CSR activities have been seen as charity activities which is why most of the companies tried to find a way out of it as they have nothing to gain from it. Societies have not also really appreciated the "charity" as they were in a perspective that the business practices of the companies cause relative social damage and needs to be accountable for their actions.

As time passed by and rapid changes took place in the business field, companies have found smarter way of gaining reputation and social appreciation through effective social investments. This has gained momentum and more companies turned towards engaging effectively in CSR activities and thus by gaining something in return from the stakeholders. However, the results of CSR activities are at a very low effect and just act as a temporary heal or first aid without any significant social impact.

A new approach of creating shared value has arisen in this era, which aims at incorporating social problems into the core function of business and thus creating a sustainable value for both business and society. This approach has found its way into the rapidly growing country and has been believed to be an effective solution for the social problems in India.

However, it is found in this research that most of the companies in India are engaged in old approaches like CSR and have a negative attitude towards social engagements. Only one of the five interviewees who participated in this research has shown interest towards seizing the new opportunity. This shows that even if creating shared value could be the answer to India's social problems, it will take still take more time to gain the engagement of the country.

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Appendices A:

Interview Questions:

Q1. What kind of Business do you own or run?

Q2. How long have you owned your business?

Q3. What is the role of society in your business?

Q4. Do you give back to the society?

Q5. Are aware of the concept CSR?

Q6. Does your company give importance to CSR?

Q7. Do you disclose annual CSR reports?

Q8. Do you follow up on your CSR activities?

Q9. How often do you put in efforts to update yourself technically?

Q10. Would you be interested in a new approach to social activity called shared value through which the society and your business would mutually benefit?