

INCLUSION OF EESCI COMPONENTS FACILITATES SUSTAINABLE DEVELOPMENT IN RURAL INDIA

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Abstract:

Purpose – This study is focused on understanding the significance of sustainable development in rural areas of any developing countries like India especially that will be inclusive of all growth factors.

Design/methodology/approach – The survey data included different level of people from various rural areas of the country. In this study, the Partial Least Square (PLS) method was employed to analyse the collected data.

Findings – The present research analyses that various factors such as Environmental growth (EnG), Economic growth (EcG), Socio-cultural growth (ScG) and Institutional growth (InG) are the significant predictors of Sustainable Development (SD). Further, the study expresses that the strong relationship exists amongst the variables in determining the output, here it is sustainable development in rural areas of the country.

Originality/value – The study reveals the influence of the various indicators in determining the sustainable development of any country. Even more, empirical research that examines the association of various factors among themselves and which are greatly connects as inclusiveness for the attainment of sustainable development that is rarely been studies. Thus, the findings of this study will help the rural management, government and local bodies to design their policies to promote individual, institutional and industrial growth for the sustainable development of rural India.

Keywords – Environmental growth (EnG), Economic growth (EcG), Socio-cultural growth (ScG) and Institutional growth (InG), Sustainable Development (SD).

Paper type – Research Paper

1. INTRODUCTION

Recent major shocks to the world have put our international institutions under strain, such as the COVID-19 pandemic, the conflict in Ukraine, and the triple planetary crises. It is imperative and critical that we stand united around our shared values and objectives.

The Summit of the Future is a once-in-a-generation chance to strengthen collaboration on pressing issues and close gaps in global governance, to reiterate previous commitments, such as those to the UN Charter and the Sustainable Development Goals (SDGs), and to advance a revitalized multilateral system that is better suited to improve people's lives. Member states will think about how to build the groundwork for more efficient international collaboration that can address both the problems of the present and emerging risks in the future.

In its modern sense, the term 'sustainable' was used for the first time in 1972 in the well-known report *Limits to Growth* of the Club of Rome, a group of eminent economists and scientists. Describing the desirable state of global equilibrium, the authors used the word 'sustainable' (Haugan, 2013, p. 3). Sustainable development is a dynamic process, which enables all people to realise their potentials, and to improve their quality of life, in ways, which simultaneously protect and enhance the Earth's life support systems (Walton, 2000). The three priorities are connected with sustainable development: (1) smart growth realized by fostering knowledge, innovation, education and digital society; (2) sustainable growth making production more resource efficient while boosting competitiveness; and (3) inclusive growth referring to raising participation in the labour market, the acquisition of skills and the fight against poverty.

India needs inclusive growth in order to attain rapid and disciplined growth. Inclusive growth is necessary for sustainable development and equitable distribution of wealth and prosperity. Achieving inclusive growth is important and is one of the biggest challenges for India. The challenge is to take the levels of growth to all section of the society and to all parts of the country. Rapid growth in the rural economy, sustainable urban growth, infrastructure development, reforms in education, health, ensuring future energy needs, a healthy public-private partnership, intent to secure inclusivity, making all sections of society equal stakeholders in growth, and above all good governance will ensure that India achieves what it deserves (Dixit & Ghosh 2013).

The new strategy for rural development encompasses all sectors of the rural community and aims to transform society through a comprehensive set of measures. India is moving closer to sustainability by tackling a variety of issues related to the social, economic, and environmental spheres.

2. REVIEW OF LITERATURE

2.1 Sustainable Development

Pearce, Barbier, & Markandya (1997) were done the research on sustainable development and stated that it is a development strategy that manages all assets, natural resources, and human resources, as well as financial and physical assets for increasing long-term wealth and well-being. Sustainable development as a goal rejects policies and practices that support current living standards by depleting the productive base, including natural resources, and that leaves future generations with poorer prospects and greater risk than our own. According to Lohani, Asian Development Bank (2005) Sustainable development is implied to regulate the demands of man in such a manner that the ability of the same environment to sustain his development will remain un-

repaired. Sassi (2006) discussed as Sustainable development is development that meets the needs of the present without compromising the ability of future generation to meet their own needs. Malcoci (2008) points out that the Johannesburg Declaration (2002) redefined the concept of economic development in terms of poverty, inequality and unemployment reduction, in the context of economic growth and environmental protection, whereas efforts are concentrated on changing production and consumption models, health protection, and the protection of natural resources management for economic and social development.

2.2. Inclusive growth

Anand et al., (2013) discussed, unfortunately, the unemployment rate is continuously increasing in developing countries although they have achieved increasing trend in gross domestic product (GDP). These pieces of evidence seek our attention toward the need of such type of growth that does not only ensure equality and fair distribution of income but also provides job opportunities for the unemployed people. Such type of growth is known as “inclusive growth”. Samina Sabir (2019), Inclusive growth is not a phenomenon that can be achieved abruptly but a long time period is required to attain sustainable growth and for this purpose such steps are needed to adopt that can have direct effects on Gini coefficient, growth and productive employment variables. Government should take measures to improve infrastructure, roads and transport system and main share of government expenditures should be allocated to development, education and health projects.

2.3 Inclusive growth and Sustainable Development

According to the World Bank (2013), social sustainability means responding better to local communities; ensuring responses are tailored to local country contexts; and promoting social inclusion, cohesion, and accountability. It focuses on the need to ‘put people first’ in development processes. The World Economic Forum (2015) defined inclusive growth as output growth that is sustained over decades, is broad-based across economic sectors, creates productive employment opportunities for a great majority of the country’s working age population and reduces poverty. McKinley (2010) strongly argued that along with poverty and inequality, unemployment is another important component of inclusive growth that has been neglected in most of studies that results in jobless growth in most of Asian and Pacific developing countries. There is also the lack of indicators to capture productive employment. Employment opportunities increase the income level of parents and make them able to invest on their children’s education. This leads to the development of human capital that would urge the government to improve its governance policies.

Hypothesis of the study

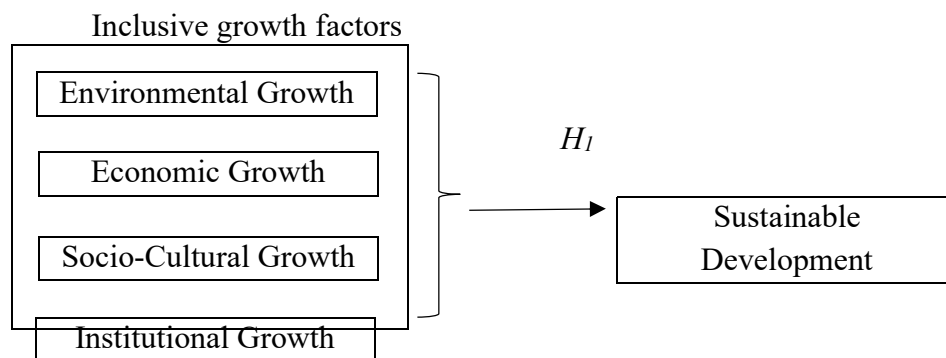
H₁. Inclusive growth factors (Environmental, Economical, Socio-cultural and Institutional Growth) are significantly associated with Sustainable Development

H_{1a}. Environmental growth is positively related to Sustainable Development.

H_{1b}. Economic growth is positively related to Sustainable Development.

H_{1c}. Socio-cultural growth is positively related to Sustainable Development.

H_{1d}. Institutional growth is positively related to Sustainable Development.

Figure 1. Research Framework of the Study

3. METHODS

The data of this study are collected from the rural areas of various states in India. Researchers only considers the people who are residing in rural areas. This study used the structured questionnaire to collect the required data from the respondents, in designing the questionnaire, this study employs psychological separation of predictors and criterion to maintain the direction of measurement, to improve the items in scale that help to avoid the ambiguity and other biasness. This process also ensured the evasion to have common method variances in the study. A survey is conducted among 95 respondents of rural areas of 5 states in India by using the questionnaire on the basis of researcher's convenience. This study uses the Partial Least Square Structural Equation Modelling (Smart PLS-SEM) 3.0 version software to analyse the collected data.

4. RESULTS AND DISCUSSION

The demographic distribution of the respondents were given (see Table 1) with the mean and median values. Here the standard deviation for the gender is 0.49 and based on the skewness we can understand that the respondents are been scattered well in the field. Hair et al., 2016 suggested that to determine the individual indicators reliability through PLS-SEM approach, it is essential to examine the outer loadings of all constructs. This study investigates that out of total 22 initial items, 20 items have been retained (see Table 2). This indicates that the two items are deleted because of the poor loadings. The remaining 20 items are kept in the study model that carried the loadings between 0.52 and 0.90 correspondingly. The more details are shown in Table 2. Composite reliability for all the latent variables ranges from 0.77 to 0.88 that indicates that all the latent constructs have a satisfactory level of internal consistency as recommended by scholars (Hair et al., 2012; Bagozzi and Yi, 1988).

This study also investigates the validity of the constructs through convergent validity and discriminant validity. Results show (see Table 2) that the average variance extracted (AVE) values for all the latent constructs are in the range between 0.46 and 0.65 which fulfils the rule of thumb as suggested by Chin (1998).

Table 1. Demographic (Gender) distribution

<i>Gender</i>	<i>Frequenc y</i>	<i>Percentag e</i>	<i>Mean</i>	<i>Media n</i>	<i>Standard Deviation</i>	<i>Excess Kurtosis</i>	<i>Skewnes s</i>
<i>Male</i>	57	60	1.40	1.00	0.49	-1.782	-0.217
<i>Female</i>	38	40					

Table 2. Outer loadings, Composite Reliability (CR) and Average Variance Extracted (AVE)

<i>Sl. No</i>	<i>Construct</i>	<i>Items</i>	<i>Initial Model</i>	<i>Modified Model</i>	<i>Cronbach's Alpha</i>	<i>CR</i>	<i>AVE</i>
1	<i>Environmental growth</i>	<i>EnG1</i>	0.708	0.530	0.764	0.770	0.464
		<i>EnG2</i>	0.644	0.569			
		<i>EnG3</i>	0.482	Del			
		<i>EnG4</i>	0.840	0.741			
		<i>EnG5</i>	0.853	0.837			
2	<i>Economic growth</i>	<i>EcG1</i>	0.875	0.854	0.850	0.845	0.587
		<i>EcG2</i>	0.869	0.719			
		<i>EcG3</i>	0.748	0.525			
		<i>EcG4</i>	0.820	0.908			
3	<i>Socio-cultural growth</i>	<i>ScG1</i>	0.843	0.825	0.865	0.865	0.618
		<i>ScG2</i>	0.887	0.855			
		<i>ScG3</i>	0.845	0.782			
		<i>ScG4</i>	0.797	0.672			
4	<i>Institutional growth</i>	<i>InG1</i>	0.839	0.856	0.885	0.885	0.607
		<i>InG2</i>	0.871	0.785			
		<i>InG3</i>	0.829	0.805			
		<i>InG4</i>	0.807	0.768			
		<i>InG5</i>	0.790	0.668			
5	<i>Sustainable Development</i>	<i>SD1</i>	0.882	0.828	0.850	0.850	0.653
		<i>SD2</i>	0.853	0.798			
		<i>SD3</i>	0.854	0.799			
		<i>SD4</i>	0.643	Del			

To assess the discriminant validity firstly is used the Fornell-Larcker criterion, which is used to check if the AVE of each construct is greater than the squared correlation coefficients between constructs. In Table 3, the diagonal presents the values of AVE square root, and others are correlations between constructs.

Table 3. Results of Discriminant Validity (Fornell-Larcker Method)

	<i>EcG</i>	<i>EnG</i>	<i>InG</i>	<i>SD</i>	<i>ScG</i>
<i>EcG</i>	0.766				
<i>EnG</i>	0.936	0.681			
<i>InG</i>	0.862	0.813	0.779		

<i>SD</i>	0.834	0.915	0.811	0.808	
<i>ScG</i>	0.886	0.865	0.940	0.938	0.786

Notes: EcG, Economic Growth; EnG, Environmental Growth; InG, Institutional Growth; SD, Sustainable Development; ScG, Socio-Cultural Growth

Secondly, was calculated Heterotrait-Monotrait (HTMT) index that allows calculating the discriminant validity between indicators of the same construct and between indicators of different constructs. To comply with discriminant validity, HTMT ratio values must be lower than 0.85 (Henseler et al., 2015). All HTMT values are shown in Table 4 and are lower than 0.85.

Table 4. Heterotrait-Monotrait (HTMT) Ratio criterion values

	<i>EcG</i>	<i>EnG</i>	<i>InG</i>	<i>SD</i>
<i>EnG</i>	0.831			
<i>InG</i>	0.861	0.810		
<i>SD</i>	0.818	0.915	0.808	
<i>ScG</i>	0.881	0.876	0.948	0.837

Notes: EcG, Economic Growth; EnG, Environmental Growth; InG, Institutional Growth; SD, Sustainable Development; ScG, Socio-Cultural Growth

Moreover, the cross-loadings were examined; where each measurement item should load highest on the construct it is associated with (Hair, et al., 2017). The cross-loading of each measurement item on its construct are higher than cross-loadings on other constructs (Table 5). Hence, the discriminant validity has been established.

Table 5. Cross loadings of measurement items

<i>Items</i>	<i>EcG</i>	<i>EnG</i>	<i>InG</i>	<i>SD</i>	<i>ScG</i>
<i>EcG1</i>	0.854	0.800	0.683	0.713	0.722
<i>EcG2</i>	0.719	0.778	0.754	0.600	0.742
<i>EcG3</i>	0.525	0.542	0.496	0.438	0.449
<i>EcG4</i>	0.908	0.736	0.702	0.758	0.763
<i>EnG1</i>	0.481	0.530	0.420	0.485	0.517
<i>EnG2</i>	0.488	0.569	0.397	0.521	0.493
<i>EnG4</i>	0.777	0.741	0.650	0.678	0.617
<i>EnG5</i>	0.748	0.837	0.689	0.766	0.708
<i>InG1</i>	0.747	0.656	0.856	0.694	0.812
<i>InG2</i>	0.703	0.658	0.785	0.637	0.742
<i>InG3</i>	0.558	0.593	0.805	0.653	0.724
<i>InG4</i>	0.733	0.618	0.768	0.623	0.731
<i>InG5</i>	0.617	0.653	0.668	0.542	0.643
<i>SD1</i>	0.731	0.772	0.719	0.828	0.763
<i>SD2</i>	0.692	0.766	0.609	0.798	0.725

<i>SD3</i>	0.598	0.680	0.638	0.799	0.787
<i>ScG1</i>	0.802	0.762	0.741	0.774	0.825
<i>ScG2</i>	0.632	0.661	0.752	0.802	0.855
<i>ScG3</i>	0.649	0.649	0.675	0.733	0.782
<i>ScG4</i>	0.716	0.653	0.810	0.630	0.672

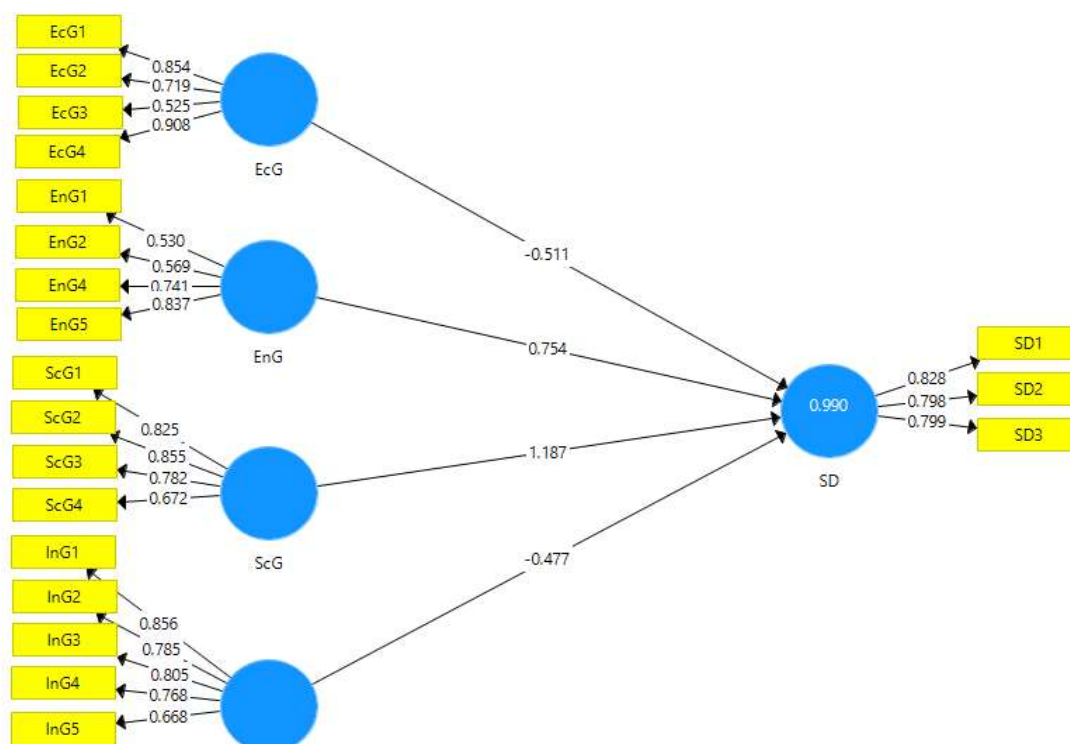
Direct relationship between EESCI factors and Sustainable Development: In order to assess the relationship between independent variables such as EESCI Factors (Environmental Growth, Economic Growth, Socio-Cultural Growth and Institutional Growth) and dependent variable namely Sustainable Development, the PLS-SEM bootstrapping process has been conducted using 500 samples (Hair et al., 2012). The results (see Figure 2 and Table 6) indicate that all four direct hypothesized relationships between EESCI Factors (Environmental Growth, Economic Growth, Socio-Cultural Growth and Institutional Growth) and Sustainable Development are supported and statistically significant.

Table 6. Results of Hypothesis test of direct effects

<i>No</i>	<i>Hypothesized Path</i>	<i>Direct Effects</i>	<i>t-value</i>	<i>p-value</i>	<i>Decision</i>
H _{1a}	EnG → SD	0.754	1.372	0.000*	Supported
H _{1b}	EcG → SD	-0.511	2.726	0.000*	Supported
H _{1c}	ScG → SD	1.187	2.141	0.000*	Supported
H _{1d}	InG → SD	-0.477	3.985	0.000*	Supported

Notes: EcG, Economic Growth; EnG, Environmental Growth; InG, Institutional Growth; SD, Sustainable Development; ScG, Socio-Cultural Growth
 *@ 0.01% Significant level

Figure 2. PLS Bootstrapping for EESCI factors and Sustainable Development



5. IMPLICATIONS

Every country should not consider only the financial growth, also the institutional growth, environmental, and socio-cultural growth of the people. The way to measure the developmental strategy of any country is totally lies on the sustainability. Thus, it is an important issue to investigate the both the inclusive growth factors and sustainable development. Here, this research considers inclusive growth factors are the input and the sustainable development as output; also would like to know the impact in it.

6. SCOPE FOR FURTHER RESEARCH

Even-though the present study has several theoretical contributions, it, likewise other empirical research, also suffers from some limitations that need to be addressed. Also this study focuses only on four inclusive growth factors as the major predictors of sustainable development. However, other factors such as Government Policies (i.e., Fiscal, Trade), Capacity of the local community, and Effective usage of natural resources might also be able to explain the variances of sustainable development in rural areas significantly.

7. CONCLUSION

The main purpose of this research is to find the inclusive growth that might have the association with the sustainable development of the rural India. Conclusively, this research manages to provide concrete evidence for the association between inclusive growth factors and sustainable development is stronger that subsequently affects the development of the rural areas of the country.

Businesses, governments, and policy makers a high priority on sustainable development (SD), with a focus on rural areas in order to achieve the Sustainable Development Goals (SDGs).

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