

# The PRIVILEGE of RESPONSIBILITY

PERSPECTIVES FROM CORPORATE INDIA



**CII** FOUNDATION

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T: +91- 124-4309448  
F: +91-124-4014080  
E: ceo-ciifoundation@cii.in  
W: www.ciifoundation.in



## Foreword



**SUMIT MAZUMDER**

*Chairman of the Board (2015-16)*

CII Foundation

**S**ocial engagement of business is as old as the history of business itself. From the days when business persons first started investing, they have sought to give back to society in different ways. In India, the concept of business philanthropy is deeply embedded in our classical texts.

Corporate Social Responsibility (CSR) has undergone significant changes in recent times. Today, it is seen as an intrinsic part of general business practice, as the brand value of an excellent company derives greatly from its commitment to the community. Equally, its standing in the global marketplace is enhanced substantially by following ethical

and responsible management practices, which include social development engagement.

CSR is also being transformed through a shift in management concepts. Among the parameters that measure a company's attainments in quality management systems, engagement with society is also a consideration. Thus, a company that wishes to distinguish itself through its commitment to excellence and continuous improvement must expand its social footprint. Equally, such engagement is no longer undertaken through ad-hoc and intermittent models. It now forms part of the overall long-term strategy and action plans of corporates, is allocated dedicated professional staff, and finds a place on boardroom agendas and in annual reports.

Recognizing this, the International Standards Organization (ISO) brought out a standard for social responsibility in 2010 to enable enterprises to benchmark themselves. ISO 26000: Guidance on Social Responsibility defines the term as 'The responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, including the health and welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable laws and consistent with international norms of behavior; and is integrated throughout the organization and practiced in its relationships.'

In keeping with the global trend, corporate India too believes that social and human development is inherently linked to its

own progress and success over the long term. Indian companies are today internalizing the three goals of economic, social and environmental impact.

The Triple Bottom Line of measuring gains not just in terms of financial profits, but also through benefits for society and environmental footprint (people, planet and profit), is an abiding objective for most large corporates and a significant proportion of smaller enterprises. As companies witness the gains to their image and revenues, a positive demonstration effect takes place, which leads to a virtual cycle of such involvement.

The Indian engagement with social responsibility has taken a new turn with the mandated CSR spending legislated in the Companies Act 2013 and implemented from April 1, 2014. With specific expenditure on clearly defined CSR fields, India Inc. is scaling up its activities substantially.

The new form of social engagement takes different forms and models. Some companies have established new wings within their own organizations for strategic interventions. Other companies have set up dedicated trusts and foundations funded by the parent organization. Yet others transfer the earmarked amount into their preferred channels in alignment with their core competencies.

Many companies prefer to work with non-governmental organizations with strong capabilities in their chosen area of work, be it education, gender empowerment, rural development or healthcare. Each company has evolved a flexible format



that best meets its goals in social development and its internal capabilities.

Mirroring the social orientation of industry, the Confederation of Indian Industry (CII), since its earliest days, has enabled and facilitated industry engagement with society. In its centenary year in 1995, CII set up the Social Development and Community Affairs Council, and CSR emerged as the strong fourth pillar of its agenda, enjoying the same attention as policy advocacy, business and competitiveness development, and international engagement. Over the last two decades, CII's work with society through its regional and state offices has expanded greatly.

In 2011, CII recognized that direct intervention in social activities required a strong connect between industry and civil society organizations. Accordingly, the CII Foundation was established as a trust to spearhead and lead industry involvement in CSR. The intention is to strengthen and deepen the social engagement of corporates and smaller companies and build industry's role in inclusive development through impactful community projects.

Over the last five years, the CII Foundation has emerged as a credible bridge between industry and marginalized sections of society. It strategizes and develops programs for companies across a range of sectors, in alignment with their own goals and targets. By building a network of NGOs, it enables industry to devise meaningful and high impact action plans.

I am happy that the CII Foundation has completed five successful years in leading CSR engagement of industry. Its spectrum of activities has greatly expanded and it is rapidly emerging as the go-to organization for facilitating social programs. I am confident that it will go on to reach even greater heights as a CSR partner for industry in years to come. 🌸



## Preface

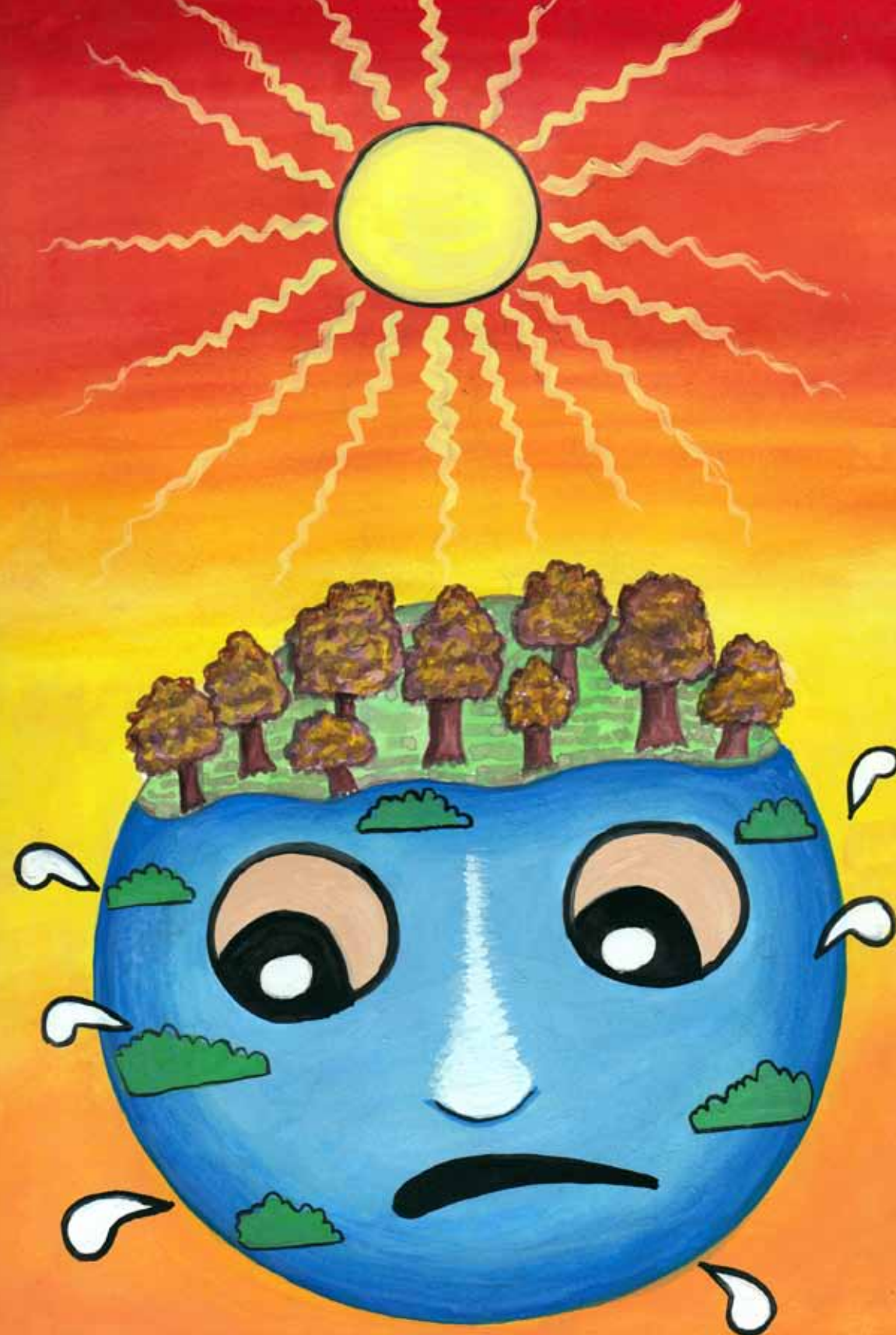


**CHANDRAJIT BANERJEE**

*Managing Trustee*  
CII Foundation

**D**evti Baiga, a 60-year old woman belonging to the Baiga tribal community of Madhya Pradesh, had long struggled with raising crops due to water scarcity in her home in Bandhavgarh National Park. But, learning new farming techniques from Indian Grameen Services, she now trains tribal communities, improving the lives of her people. Devti was one of the three exemplars of the Woman Exemplar Program under the aegis of the CII Foundation (CIIF) in 2014.

In June 2013, incessant rain led to a 'Himalayan tsunami' that killed hundreds and destroyed villages and homes. Acting quickly, CII started relief camps to distribute tents, water and other



material to the affected families. The CIIF went on to undertake long-term rehabilitation in the disaster-affected areas, including re-construction of schools, skill development and placement, and a particularly welcome initiative of supporting women through a spinning center.

The Confederation of Indian Industry (CII) has always recognized the critical importance of social engagement for Indian industry. The establishment of the CII Foundation in 2011 was a landmark step for support, training and assistance to Indian industry in social development. With the amended Companies Act 2013 requiring companies over a certain size to earmark 2 per cent of their profits for Corporate Social Responsibility (CSR) activities, the CIIF has intensified its engagement in social development.

The core agenda of the Foundation is inclusive development and connecting donors and the community. Its vision is to enable industry for infusing inclusive development. This is conducted by providing a ‘meaningful bridge between marginalized communities and donors, especially the corporate sector.’

The CIIF’s main activities extend to education; skilling, employment and livelihoods; gender equality, women empowerment and safety; disaster management; public health and sanitation; and environmental sustainability, including water. In each of these, and other areas as required, the Foundation develops programs and assists corporates to work with NGOs and civil society organizations.

For companies, the Foundation provides a range of services. It undertakes project management to manage the CSR goals of company boards. Further, it identifies the right partners for specific corporate projects and works with them on the action agenda. It also monitors project outcomes for companies. In addition, the CIIF itself runs projects where companies can partner through funds, voluntary work or other participation.

Sammaan is a unique platform promoted by the CIIF, and jointly developed by CII, the Bombay Stock Exchange and the Indian Institute of Corporate Affairs, to list NGOs after a rigorous verification and authentication process. Companies can then select suitable partners and undertake appropriate programs as required by the Companies Act CSR provisions.

To recognize models of excellence, the Foundation is developing the CIIF Business Impact Awards that will reward the most impactful CSR projects. This recognition is envisaged as an aspirational certification for companies that seek to develop outstanding initiatives in CSR. Currently, the CII-ITC Sustainability Awards, which include a component of CSR, highlight businesses that have undertaken meaningful social development initiatives.

The Foundation also works closely with NGOs on its various programs. It identifies sustainable and credible NGOs that are best able to meet the program objectives of companies. Corporates today have shifted from merely allocating funds to partnering on action agendas and monitoring outcomes with



detailed reports which are shared with stakeholders. The CIIF helps NGOs to scale up, and to meet the standards expected by corporate entities. It aims to provide a strong training program for NGOs through regional workshops for capacity-building.

Over five years of intensive activity, the CIIF has built up a pipeline of ongoing projects, while some projects have been completed. The Eureka Model Villages project helped scale up quality education for children in villages around Coimbatore. In Uttarakhand, the post-disaster construction of schools continues with eight schools being taken up. In Srinagar, the Industrial Training Institute (ITI) is being rebuilt. In a significant skilling and employment initiative, the Foundation provided training for five years under the Udaan project for graduate youth of Kashmir. Under the Affirmative Action plan, youth from Scheduled Castes and Scheduled Tribes communities undergo a finishing school to learn soft skills.

A public-private partnership model has been adopted for Anganwadi centers in West Bengal for maternal health and child development under the Integrated Child Development Services program, with 24 on-going centers bringing awareness, nutrition and medical facilities to children, pregnant women and nursing mothers.

The disaster management component has also worked in the flood-affected areas of Jammu & Kashmir, and, more recently, Tamil Nadu. A proud initiative was to provide relief in Nepal after the devastating earthquake in 2015 with the partnership of the

Federation of Nepalese Chambers of Commerce and Industry, by sending medical teams and relief material. The CII Foundation stands ready, along with CII, at all times, to action such programs in places hit by sudden natural disasters that damage lives.

India's Swachh Bharat Mission for sanitation and public health delivery incentivized the CII Foundation to build toilets in schools under 'Mission Sanitation of Schools' (SoS). The first phase of the Mission SoS program undertook construction of toilet blocks across the country, particularly for the girl-child, and included awareness programs and monitoring. The second phase of the program reaches out to urban municipalities for design and delivery models.

Project Tushar has enabled villages in Marathawada, Maharashtra, to generate their own water needs following severe drought in the region over several years. Jaikawadi Dam, the largest reservoir in the area, was desilted to create more water capacity. The silt removed was used by farmers as fertilizer, helping them save money and add productivity.

These, and other ongoing and planned projects, are creating real impact on the lives of people. In a unique model of partnership, the Foundation converges and consolidates the efforts of companies with NGOs, government agencies and the community. It works closely in alignment with the target beneficiaries to design effective programs which are then implemented by coordinated activities from all stakeholders. The model is the most effective in terms of outcomes and brings relief and succor to families belonging to marginalized communities.



This book shares the perspectives of the CIIF Board of Trustees in the CSR and social development space. We hope that, by highlighting the benefits of such interventions to both the community and the donor, the book would serve to inspire and facilitate more targeted social activities by companies.

As we progress further on this journey of connecting corporates and communities, the CII Foundation would remain a strong bridge to facilitate impactful activities and help make Indian industry a central player in the shared endeavor of inclusive economic development. 🌸



“ No society can prosper if it aims at making things easier-instead it should aim at making people stronger. ”  
ASHOKA THE GREAT



“ To give real service, you must add something which cannot be bought or measured with money. ”  
SIR M VISVESVARAYA



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## From the Trusteeship Model to the New Vehicles of CSR



*In the 21st-century corporation, a trusteeship-based framework that blends business with technology, environment, people, economics, and culture, can be the primary paradigm for value creation.*



**RAHUL BAJAJ**  
*Chairman*  
Bajaj Auto Limited

*‘Supposing I have come by a fair amount of wealth – either by way of legacy, or by means of trade and industry – I must know that all that wealth does not belong to me; what belongs to me is the right to an honorable livelihood, no better than that enjoyed by millions of others. The rest of my wealth belongs to the community and must be used for the welfare of the community.’*  
– Mahatma Gandhi

**T**he socio-economic philosophy of Trusteeship propounded by Mahatma Gandhi essentially believes that it is the responsibility of the rich to use their wealth for the benefit of the under-privileged.

It is in the enlightened interest of businesses to strengthen the societies they operate in. In India, even after over six decades of independence, 65 per cent of our population still lives in poverty. Social transformation remains very much work in progress. Unless we redefine the role of business in our society, we will continue to have structural problems that create conflict.

The Gandhian model of Trusteeship, while being uniquely Indian, provides a means of transforming the present unequal order of society into an egalitarian one. Along with the principle that surplus wealth needs to be kept in trust for the common good and welfare of others, it also specifies that everything we do must be economically viable as well as ethical – at the same time making sure we build sustainable livelihoods for all.

Do the challenges of the 21st century - economic turmoil, diminishing values, need for sustainable growth, call for a relook

at this model, perhaps tweaked to meet contemporary needs?

Several corporates are today larger than many countries. Given their size and the lives they impact, they can engineer fundamental structural changes to solve the conflicts of society. This sheer responsibility calls for proper systems of corporate governance and finance in order to create more sustainable, distributive and responsible economies.

Business, done right, can generate social reform. It provides employment, leads to higher incomes, builds productivity, opens up opportunities for social mobility, breaks down caste barriers, puts a premium on education, etc. And for this ‘right’ kind of business, people are the core of all values.

I believe that people will put their energies in an enterprise, of course, for financial considerations, but at a deeper level, for the pride in being part of the enterprise. For the meaning that the enterprise lends to their lives. The values that it embodies.

So, each enterprise needs a social vision, to attract the talented, and to enable them to keep enhancing their sense of professional and personal fulfillment. This is not limited only to employees. It encompasses suppliers, distributors, and even customers.

There are plenty of examples in our country of an enterprise exuding a social vision. I believe that this is not an option but is essential for a successful enterprise. Dig deeper into the success of any enterprise, and you will strike a social chord. Be it Infosys or HDFC or Jain Irrigation. Or ‘Hamara Bajaj’ (I am not given to modesty!).

We, in Bajaj, were lucky. Given our roots in the freedom struggle, industry was chosen, and I repeat chosen, as the vehicle to build the country. We were founded on a social vision. Trusteeship was not a concept that we adopted, but which my grandfather Shri Jamnalal Bajaj, in Gandhiji's judgment, exemplified. We are nowhere as great as Jamnalalji, but we do try that even though we cannot add to his greatness, we should not lower the family name. I am proud that my grandchildren go to the company school set up for our employees, just as my children did!

From inception, we have practiced some principles. First, be independent and make our own destiny. Second, be fair but firm, in our dealings with all we deal with. Third, gun for volumes based on technology, quality and cost competitiveness. Fourth, continue the tradition of philanthropic work and support for constructive activities of Gandhiji, especially those benefitting the poor. This very much pre-dates the mandatory Corporate Social Responsibility (CSR) regulation!

Successful companies contribute greatly to society. Be it in taxes, salaries and profits to all in their value chain, or dividends and share appreciation to their shareholders. They have to ensure that in their operations, and those of their associates, justice is done in letter and spirit to their obligations towards labor, environment and the government.

All over the world, and especially in a country like ours, with ineffective governance and considerable poverty and inequalities, there is a need and an opportunity for the well-off to help the less-advantaged, and support important social causes which are under-funded.

The Government has recognized this, and has expressed its appreciation and validation of the Trusteeship concept through the CSR legislation resulting in the omnipresence of this in today's India. So, while in the past the idea of Trusteeship was optional and practiced by a few evolved companies, it is now an inevitable element in the form of CSR.

It is also an opportunity for industry to prove that innovative thinking and commitment to both outcomes and their quality can yield good results and make the rupee spent travel further.

In this, having one's own core organization, built around one's core program, together with partnering with reputed NGOs, is a good way to proceed. At Bajaj we have focused on education, health and livelihood issues, primarily in rural areas. But there is no magic bullet. All around us, there are companies meeting the CSR mandate with strategic thought and innovative solutions. In my view, diversity of approaches is a good thing: It is heartening to see one industrial group running hundreds of its own schools, another supporting health camps, and yet another teaching women to drive tractors!

As Mahatma Gandhi said, 'True economics stands for social justice; it promotes the good of all equally, including the weakest, and is indispensable for a decent life.' This view sees equitable distribution of wealth as a measure of success. It also builds the case for CSR being embedded within the business values of an organization.

Four core principles define the essence of corporate citizenship; however, every company can customize them to meet its own



distinct needs: minimizing harm, maximizing benefit, being accountable and responsive to stakeholders, and supporting strong financial results.

So today, while we all agree with the concept of improving stakeholder value, let's redefine value to incorporate much more than profit. It is in this context that the 21st century corporation should see itself. Let a trusteeship-based framework that blends business with technology, environment, people, economics and culture be the primary paradigm for value creation.

The model can be anything that works, companies alone, in partnership with each, in collaboration with communities, in cooperation with government.

What's important is a forward-looking boardroom agenda that develops responsible leaders, creates positive environmental value, positive social value and positive economic value in every aspect of business and its related supply chains, sees value in not just the products created, but the lives impacted; solves genuine, universal problems like hunger, livelihoods, education and healthcare, and drives innovation, not just in products, but in processes and new management thinking. 🌸



“If you can stretch out a helping hand, do so.”  
SWAMI VIVEKANANDA



“We want deeper sincerity of motive, a greater courage in speech, and earnestness in action.”  
SAROJINI NAIDU



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# Corporate Social Responsibility, the Sustainable Way



*The idea of being socially relevant and engaging with sustainable business activities has taken center-stage. CSR has become an intrinsic part of sustainability within a company.*



**HARI S BHARTIA**  
*Co-Chairman & Managing Director*  
Jubilant Life Sciences Limited

India has a long tradition of undertaking philanthropic activities. Over the last few decades, the idea of ‘giving to society’ has undergone a radical shift. Charity or philanthropy activities have moved on to a whole new dimension of Corporate Social Responsibility (CSR). The idea of being socially relevant and engaging with sustainable business activities has taken center-stage. CSR has become an intrinsic part of sustainability within a company.

As companies became aware of their responsibilities, the debate started on activities that can accomplish the goals, and how best to measure initiatives which are sustainable. Hence, emerged the concept of Triple Bottom Line (TBL), a framework that incorporates three dimensions of performance: economic sustainability, social sustainability, and environmental sustainability. The TBL clearly reinforces the importance of developing activities in a structured way that reflects the company’s own objectives and the requirements of its key stakeholders.

At Jubilant Life Sciences, our promise of ‘Caring, Sharing, Growing’ along with our stakeholders, forms the genesis of all our CSR activities directed towards sustainable growth of the company. Jubilant has a robust mechanism for reporting triple bottom line performance. We were amongst the first ten companies in India to have believed in transparency, and to come up with a Sustainability Report, way back in 2002-03. We were also the first Indian company to join the Global Reporting Initiative (GRI) in 2005.

The Amendment in the Companies Act 2013 has given a new push to CSR. Many corporates are now making their CSR activities strategic and aligned with societal needs. While focusing on community needs, companies are taking up activities which are sustainable, and are continuously undertaking measures for impact measurement. However, efforts should be made to identify those projects that have the ability to address the concerns of various stakeholders. At Jubilant, we realize that health, hygiene, nutrition, education and skill development are contributors to the social development of the community around our operational locations, resulting in an improvement in the quality of life of the neighboring community.

Communities are a company's partners for change. It is the activities for the community that provide business the ‘social license to operate’ by building trust, and improving brand reputation. Hence, a company’s CSR foundations and NGOs should give priority to those projects which address the concerns and needs of its stakeholders. This will strengthen the ecosystem in which the company operates, and will support the sustainability of the business. CSR initiatives should also look for societal challenges, and therefore companies need to align their CSR programs accordingly.

At Jubilant Life Sciences, we engage with the community on a regular basis. All CSR activities are undertaken through the Jubilant Bhartia Foundation (JBF), a not-for-profit organization, responsible for conceptualizing and implementing the CSR

initiatives for the Group. The JBF engages with communities around the company's manufacturing locations.

Continuing partnerships with local and global organizations make CSR projects more sustainable and effective. In India, around 350 million Indians still live below the poverty line and struggle to access basic education, healthcare, proper nutrition and other basic infrastructure. This is where social entrepreneurs are now working to provide innovative, practical and sustainable solutions to address various issues that affect society.

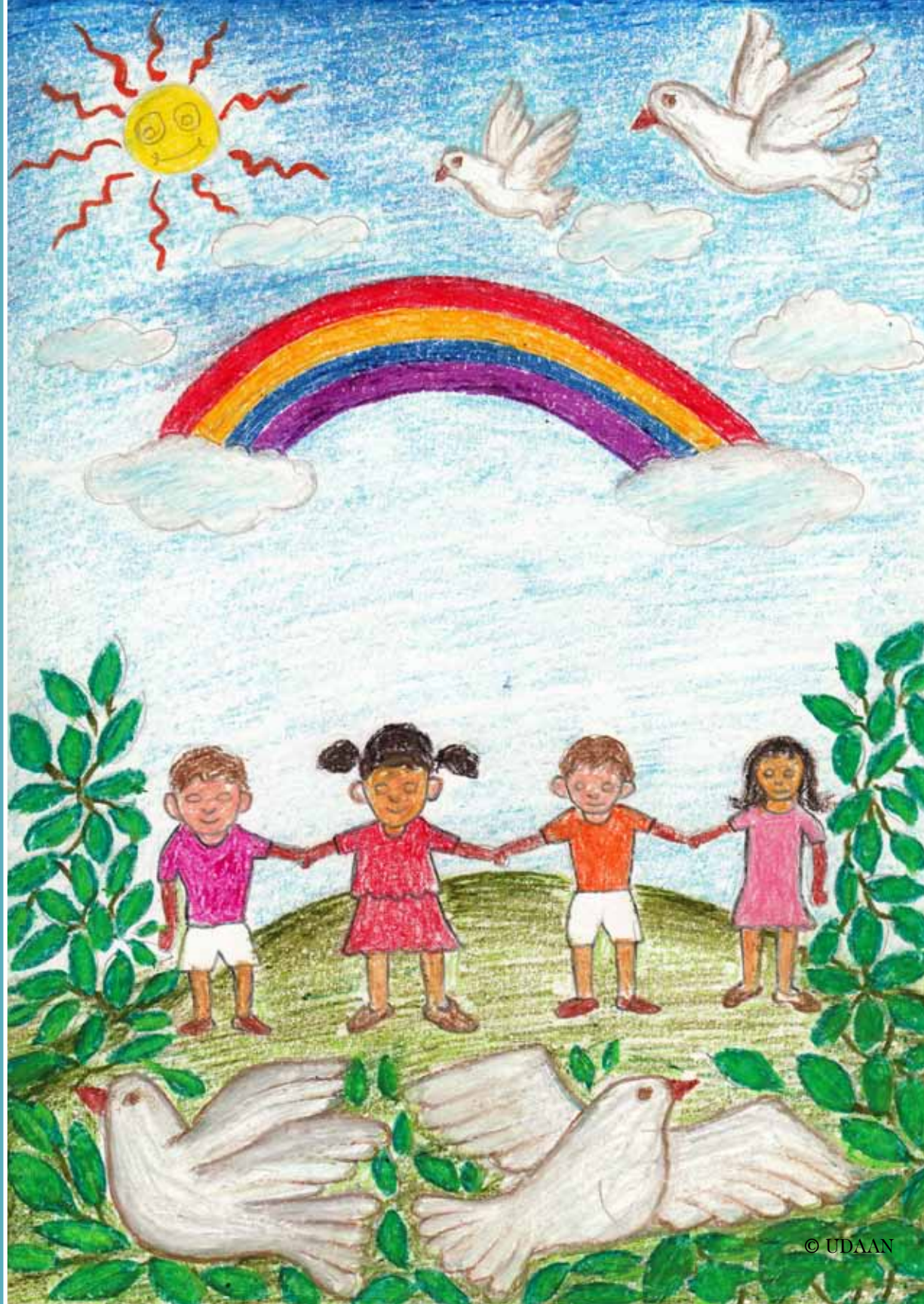
The Jubilant Bhartia Group, under its project of enabling a conducive environment for Social Entrepreneurship, has been partnering with the Schwab Foundation for Social Entrepreneurship to conduct the Social Entrepreneur of the Year (SEOY) Awards in India since 2010. The award recognizes promising and successful social entrepreneurs, with excellence in large-scale system change models. These social entrepreneurs are one of the key enablers of inclusive growth. They implement practical and sustainable solutions to address challenges in various areas, such as health, education, and environment, access to technology, and job creation.

Companies with an intent to contribute to societal development, but having limited resources of money, manpower, and knowledge, can opt for institutional partnerships. The CII Foundation serves these needs. The CII Foundation has been working with several individual companies to conceptualize and offer a boutique of social development projects with multiple

donor participation. These projects are developed, managed and monitored by the Foundation. An example I would like to mention here is the Uttarakhand floods, that caused havoc in June 2013. In addition to immediate relief interventions, the CII Foundation initiated the Uttarakhand Rehabilitation Project for the affected families. These included interventions focusing on education, skilling, employment, community livelihood, women empowerment and environment. One key initiative undertaken in education was of rebuilding schools. The project aimed at rebuilding eight completely damaged primary schools in District Tehri Garhwal. The school intervention includes reconstruction of the schools; providing all furnishings; providing learning aids; along with softer interventions aimed at enhancing the learning experience for children and the teaching skills of the faculty. If companies had decided to take this up individually, it might have lacked scale and sustainability. However, through partnership, it was possible to achieve scale, impact and sustainability.

CSR has been in existence in India for a long time. Indian companies have been contributing to social upliftment in their own ways. Over time, CSR has become an intrinsic part of a company's overall sustainability strategy. Today, I see companies opting out of multiple CSR activities and starting to consolidate their initiatives under three or four key areas of interest. This step is helping their investment yield the intended results. The approach is to make CSR programs sustainable, without the burden of carrying forward activities in isolation. 🌸





# CSR is Good to Do because it is Good to Do



*The key is to align CSR initiatives to the extent possible with business objectives, in a sustainable manner that is scalable and result-oriented. Such an alignment would also create social capital, partnerships, business opportunities, and long-term community relationships.*



**NAUSHAD FORBES**

*Co-Chairman*

Forbes Marshall Private Limited

I strongly believe that inclusive growth is the key to development. Empowering women in the surrounding community, educating and equipping youth with the necessary skills to face a competitive environment, and addressing social problems, are essential for the holistic development of our communities.

A few years ago, the Government introduced the Corporate Social Responsibility (CSR) cess which is 2 per cent of profits. When I first heard about the proposal, I thought that it was a bad idea because I felt it could become like protection money: provide your 2 per cent, and then your conscience is clear. However, as I have been seeing how the better companies have been trying to use the CSR cess since it came into law, I have changed my mind about it. I now think it is a good thing, because it provides a base for the more imaginative companies to figure out how to use their resources to do very useful and good things on the ground.

Forbes Marshall has long believed in CSR activities, well before it was called that. We hired our first full-time social worker 40 years ago, and she did such a good job of interacting with the Kasarwadi community from which many of our shop floor members came, that it was then a natural step forward to get involved in the community more broadly in helping to provide what was needed - whether it was training so that women and families had a better livelihood, or organizing self-help groups or micro-finance groups, or sanitation, or education projects. These were all natural steps, one after the other.

In a country like ours, there are oceans of initiatives and oceans of locations that one can support or work on. Our belief has always been to first start with our own neighborhood and the people around us - and to work along with community members, to understand their needs, and try to make a difference.

We truly listen to the voice of our customers and design and then execute our programs based on their needs: we try never to initiate programs based on what we think the community needs. For example, when we bought land in Chakan five years ago for an expansion, long before we started construction, we had our social workers visit the nearby villages to identify what the villagers needed. We were ready to teach skills that would get people from the village employed in the many new factories locating nearby. But what the people really wanted was investment advice to manage the money they had received from selling their land to the Government - not a skill we could help with, but others could!

We believe in a participative technique where members of the community talk about their overall vision, the impediments that are preventing that vision from happening, and what needs to change... Then, action plans are made and implementation happens in a time-bound manner. The company acts as a catalyst in making the changes happen.

Very often, one hears the view that CSR is now becoming good business because it provides the right kind of image or visibility for the organization, and conveys the right things about the



company. My own perspective is that CSR is good to do because it is good to do, period, and not because one will get the right visibility or publicity. The benefits come back to the organization in a very direct and tangible way - but the benefits are not the objective. Let me share two examples from our own organization.

We have a strong ethos of supporting social programs in neighboring communities, particularly initiatives in education, women's empowerment and healthcare. We set up a small hospital, the Shehernaz Medicare Centre, to cater free-of-charge to the community, in 1973. Some years ago, a group of people decided to protest and shout slogans outside the gates of some factories. When I came to work that morning, I saw a group outside our gate, but did not hear anything during the course of the day. The next day the papers reported that people had indeed gathered at all the factories and shouted slogans. It turned out that a woman in the group looked at the name 'Forbes Marshall' and said that she had given birth to her daughter at our hospital, and so they would not shout here. They moved on to the next company down the road. To give you another example, we recruited a manager for our Nagpur branch. After he joined, as I was chatting with him, I asked him why he had left the large company he was with earlier. It turned out that he was born in our hospital, something that none of us knew, and he had applied to us because he had the idea that someday he would work with us.

So, doing the right thing comes back to you in unusual ways that are unpredictable. But that should not be the motive.

If I think about why companies should be involved in CSR activities, I find that the essential thing that companies bring to CSR is management and implementation capabilities. It is not resources. The Government has resources in huge multiples of what even the largest company could provide, but companies can provide the deployment, implementation and sustainability that makes projects successful.


If one tries to think of what kind of CSR is right to do for a company, the answer has to come from the company's own ethos and outlook. Anything is useful and valuable. One company may try to multiply impact by using its capabilities or connections in a particular village to enhance the well-being of that village. That in itself is very valuable. Another company may get together with other companies to address one of the fundamental problems in our country, such as skilling, for example.

By coming together, companies can do a lot more than they can achieve individually. A good example would be the foundation that Dr Reddy's Laboratories started in Hyderabad, which led to the LABS initiative, which we coordinated in Pune, with many other corporates. It was a way of scaling up a really powerful and useful scheme started by a particular organization.

Another means of scaling up CSR is through the CII Foundation. It exists as a platform to bring people together and enables them to coordinate their efforts, thus achieving much more together, and to learn best practices from each other. With the CII Foundation, efforts can be coordinated. For example, when there

is a natural disaster, individual companies may not be able to deploy resources to help effectively.

Companies can also come together for proactive initiatives, in any of the CII Foundation's focus areas, which include education; skilling, employment and livelihoods; gender equality, women empowerment and safety; disaster management; public health and sanitation, and environment sustainability, including water management.

The key is to align CSR initiatives to the extent possible with business objectives, in a sustainable manner that is scalable and result-oriented. Such an alignment would also create social capital, partnerships, business opportunities, and long-term community relationships. This is the way to do nation-building. 



“ The difference between what we do, and what we are capable of doing, would suffice to solve most of the world's problems. ”

MAHATMA GANDHI



“ India's place in the sun would come from the partnership between the wisdom of its rural people and the skill of its professionals. ”

VERGHESE KURIEN





## CSR in Business Strategy



*Businesses, by incorporating CSR at the very core of their strategy, can be at the forefront of driving sustainable and inclusive growth. Only through inclusive growth and responsible business leadership can we realize our ambitions of becoming a sustainable, high-growth, developed economy.*



**ADI GODREJ**  
*Chairman*  
Godrej Group



*‘Goodness is the only investment that never fails.’*  
~ Henry David Thoreau

The practice of Corporate Social Responsibility (CSR) and philanthropy is not new to Indian businesses. Many Indian conglomerates and business houses have a rich history of social welfare activities and interests behind them.

Yet, our country continues to be a land of contradictions. On the one hand, we have one of the largest economies, and on the other, a third of the world’s poor; we have an abundance of political freedom, and yet a deficit of economic opportunities for all. While the USD 20 billion Indian pharma industry today is the third largest API market in the world, yet 24 per cent of the world’s tuberculosis cases were reported in India. We are considered as the outsourcing destination of the world, and yet the world’s largest population of illiterate people resides in India.

Correcting these imbalances and ensuring the economic prosperity of over one billion people continues to be one of the greatest challenges in the decades ahead. It is a challenge that requires us to create employment opportunities; improve the quality of human capital through education, skilling and training; provide accessible healthcare; deliver affordable shelter; ensure food security; and create institutions that are transparent, responsive and efficient. Doing this requires companies to be inclusive in their approach of business and pursue a ‘triple bottom line’ instead of being focused purely on their financial results.

## THE GODREJ JOURNEY

As a Group, we have always actively championed social responsibility and are committed to driving the social progress of the communities that our businesses operate in. Instead of focusing on what is to be done with profits after they are made, we believe that we need to factor in the social and environmental impacts of conducting business, that is, how profits are made.

Close to one-fourth, i.e 24 per cent of the shares of our Group’s holding company are held in trusts that include the Pirojsha Godrej Foundation, the Soonabai Pirojsha Godrej Foundation and the Godrej Memorial Trust. Through these trusts, we support healthcare, education and environmental sustainability through initiatives such as the Udayachal Schools, the Godrej Memorial Hospital, the Mangroves, Teach for India, the Worldwide Fund for Nature (WWF) and Smile Train.

Additionally, ‘Good & Green’ is one of the key pillars of our Vision 2020, as a Group. We have publicly shared the ambitious but realistic goals that we carefully measure and report on. As a Group, we aspire to:

- Ensure Employability: We will train one million youth in skills that will enhance their earning potential
- Build a Greener India: We will achieve zero waste to landfill, carbon neutrality and a positive water balance, while reducing specific energy consumption and optimizing the use of renewable energy
- Innovate Products: We will generate a third of our portfolio revenues from ‘good’ and/or ‘green’ products.

In the area of employability, we have created and/or support skill training programs in seven broad areas: beauty and wellness

(SALON-I), retail management, animal husbandry, agriculture training, channel sales, construction and facilities management, and manufacturing and engineering. So far, through these seven programs, and in partnership with 20+ NGOs at 190 training centers, we have trained 140,000 youth.

On the green pillar, we have actually been able to exceed our goals on reduction in specific energy consumption and increasing renewable energy use, and are on track to achieving our goals in the areas of zero waste to landfill, maintaining positive water balance and being carbon neutral. Our experience has shown that this commitment to sustainability has led to significant cost savings and hence improved profitability for our businesses. Thus, across our 100+ manufacturing and construction sites, we have been able to integrate sustainability into the very core of our business processes and value chain.

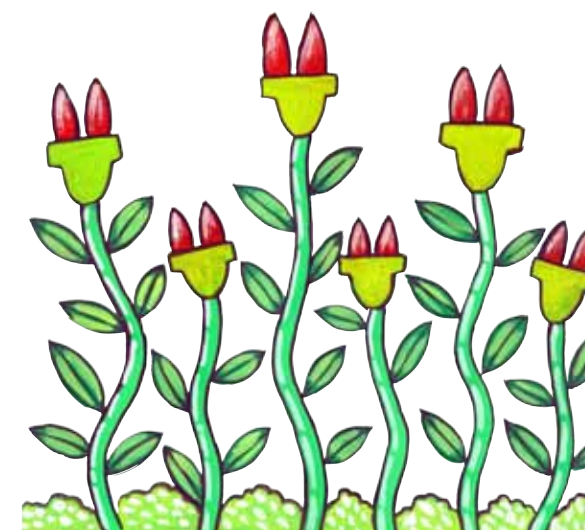
In keeping with our commitment to social development, we also encourage our employees to become active and responsible citizens by promoting impact-oriented volunteering under our 'Brighter Giving' program. Our employees volunteer their time for long term, skill-based projects such as developing a marketing strategy for a non-profit, or mentoring a child from a low income background. This is also in line with one of the pillars of our people philosophy, 'Whole Self,' wherein we believe that passionate, rounded individuals with diverse interests make for better Godrejites.

As a conscientious corporate citizen, we feel that improving the lives of all our stakeholders, including those at the bottom of the income pyramid, safeguarding the environment, and following sustainable manufacturing and supply chain practices, makes good business sense.

To conclude, India as a nation is at the cusp of transformation. We have moved from a largely stagnant, inward-looking, over-regulated economy to a thriving, market-driven economy that has now integrated with the world. Yet, there are legitimate concerns about whether we have, in the pursuit of growth, neglected the imperatives of equity and the institutions of sustainability. No nation, much less a democracy, can expect to maintain internal cohesion, if it chooses growth without equity.

While equity is a moral and social imperative for growth, good institutions are a concomitant condition for its sustainability. The institutions in an economy – educational, legal, labor and financial - provide the framework that reduces uncertainty, increases productivity, and creates the necessary incentives to enlarge economic activity.

Businesses, by incorporating CSR at the very core of their strategy, can be at the forefront of driving sustainable and inclusive growth. For, it is only through inclusive growth and responsible business leadership, that we can realize our ambitions of becoming a sustainable, high-growth developed economy. 🌱







# Philanthropy and CSR: Two Sides of the Same Coin



*At the core of both philanthropy and CSR lies the intent, deep desire and commitment of individuals, foundations and organizations, to commit and expend efforts and resources for making the world a better place to live in, for current and future generations.*



**JAMSHYD N GODREJ**  
*Chairman and Managing Director*  
Godrej & Boyce Manufacturing Company Limited



**T**he essence of both philanthropy and Corporate Social Responsibility (CSR) is about giving back to society, about helping fellow beings who are less fortunate than us, about protecting the flora and fauna of this planet, and about supporting noble causes through resources, time and advocacy, for the greater good of the world.

In the West, doing good to society is often driven by the philosophy that since profits are made from consumers and the society at large, it is but fair for individuals and corporates who have earned and benefitted from the profits to give back to those from whom such profits are earned. The emphasis is about giving back what one has earned legitimately and owns.

The Indian ethos, on the other hand, has been best summed up by Mahatma Gandhi, who said that business owners and leaders are trustees of the wealth their companies generate, and that this wealth has to be utilized for the good of the society. Thus, the profit-earners are strictly not the owners of the wealth they generate, but merely its trustees. This philosophy puts the responsibility on business leaders to manage and deploy the wealth they create for the betterment of society.

Over time, the objectives and approach to philanthropy and CSR have seen major changes, especially overseas. Philanthropy is the term often used to describe individual donations and grants to organizations (mostly NGOs and ‘Not for Profit’ entities) that provide succor and relief in times of natural calamities or for addressing the social, health and other challenges that society

and the planet face. Often, individuals create and fund foundations with specific charters, and the foundation gives grants to ‘Not for Profit’ organizations to tackle major issues such as poverty alleviation, clean water availability, sanitation, and healthcare for all, besides funding medical research to tackle diseases that afflict mankind.

The concept of shared value (doing good to society in a way that it benefits the organization too) is increasingly gaining ground. The virtuous cycle it creates (the premise being that as organizations benefit, they can do more good) has won very many advocates. In recent years the concept of ‘Impact Investing’ wherein philanthropists as well as foundations invest money in ‘For Profit’ companies which are tackling social issues such as clean water availability, sanitation, health, education and environment, with clear goals and defined outcomes, is gaining ground. Returns on such investment are measured in both financial and non-financial metrics.

At Godrej, right from our inception, our family members have always deeply supported causes that we believed are right, be it for making India economically free, for providing a safety net to our direct and indirect employees, much before social welfare was legislated, for doing good to society, and for protecting the environment, so that we leave the planet as we inherited it, to our children. To ensure unwavering commitment to this philosophy, almost one fourth of the ownership of our holding company rests with the Pirojsha Godrej Foundation which supports social and environmental causes. Our company’s mission of ‘Enriching

quality of life every day, everywhere’ is in alignment with the tenets of good corporate citizenship, and gives purpose and direction to what we do.

As a Group, we have committed ourselves to Good and Green, an internal initiative to design and implement shared-value programs that create both social and business benefits. Through this initiative, we aspire, as a Group, to achieve certain key milestones in ensuring employability, building a greener India, and driving product innovation, within a decade.

The Good and Green initiative is given management attention at the highest level of the Group. In addition, senior business unit heads oversee the implementation of all the approved programs. At the operational level, dedicated corporate teams drive the programs with the support of individuals within the business units where shared value is expected to be created. While the results of such an effort are encouraging, what is most heartening to note is the dedication that people across the organization are bringing to such an initiative.

Additionally, we have observed that our employees always come forward in large numbers to support causes that the company believes in supporting – be it blood donation, the mobilization of funds to create new Industrial Training Institutes (ITIs) in disaster-stricken Uttarakhand, support for cancer care facilities, and so on – a reflection of the spirit of giving in the organization’s DNA.

Recently, the Government of India enacted a law stating that companies that meet certain specified criteria should spend 2 per cent of the average of their last 3 years’ net profits on CSR. I believe that this enactment, with its defined framework and stated CSR intervention areas, would be beneficial to organizations that need clarity and direction in the matter. For Godrej and many other corporates that are, and have always been, deeply committed to serving the community, such enactments only highlight our enlightened social consciousness as we continue to serve society and the environment.

Philanthropy and CSR are words used sometimes interchangeably to describe the efforts and resources individuals, foundations and organizations commit and expend for making the world a better place to live in for the current and future generations. At the core of all these lies the intent and the deep desire and commitment to serve. Thus, for individuals and organizations who are driven by a nobler purpose, these ‘labels’ may have little significance. What matters to them is serving, and making a difference to, the world. 🌸







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# Leveraging CSR in Creating the New Innovation Economy



*We have the opportunity to invent a new  
model for development that is sustainable  
and inclusive, that can become the  
model for other developing countries,  
and that can become the 21st century model  
for economic and social development.*



**S GOPALAKRISHNAN**

*Co-Founder*  
Infosys Limited

**A**s the Indian economy grows, India will have to invest more into research and innovation, and more into creating new businesses, to solve the problems facing our society using innovative solutions and business models. We have the opportunity to invent a new model for development that is sustainable and inclusive, that can become the model for other developing countries, and that can become the 21st century model for economic and social development.

According to the World Economic Forum, we are transitioning from the third industrial revolution to the fourth industrial revolution. We are combining innovations in digital computing with innovations in the physical and biological world to discover exponential new solutions in manufacturing, agriculture, healthcare, education, transportation, and every aspect of our business and lives, that are sustainable, inclusive and affordable. The dream is to create businesses that are profitable as well as environment-friendly.

New businesses and start-ups are taking more risks, and bringing new products to market. This renewal is changing the business leadership in the economy – Apple, Google, Facebook, and Amazon now lead in market capitalization in the US economy. Many innovative companies have emerged out of research at universities and research departments. In the future, we are hopeful about finding cures for diseases like cancer, diabetes, Alzheimer's, Parkinson's, etc, using genome sequencing and personalized medicine.

In the future, we will be able to use autonomous vehicles for transportation and logistics. In the future, we will use 3D printing to create human body parts for transplants, as well as for manufacturing components more economically, in small lots. In the future, we will develop computers that consume a tenth of the power that today's computers use. In the future, we will be able to sense and respond to events happening in the world from anywhere in the world in real-time, using the Internet of Things. In the future, we will be able to live in cities that are livable and environmentally-friendly. In the future, we will be able to grow agricultural produce that is safe and nutritious to eat.

India has an important role to play in this 21st century innovation ecosystem. There are several reasons for this. One, India has the educated manpower that can drive research and innovation. Second, India has lower costs of operation, and hence research and innovation costs less in the country: this will lower the costs of products and services and make these affordable to a larger percentage of the population of the world. Third, given India's prowess in these areas, the outcomes will happen faster. Fourth, Indian requirements are diverse and different; and the products and services developed will benefit from this diversity. Fifth, the constraints that India imposes will push new innovations in technology as well as in business models. We can see this when we look at how global businesses are leveraging India for their R&D. We can see this when we look at how India has become one of the largest markets for global businesses. India's participation is important in the 21st century.



But for all this to happen, we need a large and robust research and innovation ecosystem. We need an environment that is business-friendly, especially for start-ups. We need a funding environment that attracts venture funding. The Indian Government understands this, and is creating the policy framework to achieve these goals. The Government has also created an innovative Corporate Social Responsibility (CSR) policy, which requires businesses to spend 2 per cent of their profits towards CSR activities. Instead of taxing businesses more and routing the money through the bureaucracy, the Government now allows businesses in India to decide where and how to spend this money. Businesses can bring their best practices to govern how this money is spent, and how to improve the outcomes.

The Government allows businesses to spend money towards setting up incubators for new businesses in academic institutions, as one of the CSR activities included in the policy. Support can also be given to research and innovations that solve the societal problems of drinking water, sanitation, waste disposal, sustainable energy, and more. CSR funding can be routed to finding new solutions for education for all, better healthcare in rural and urban areas, and in areas of skill development.

India has a rich heritage that covers 5000 years. We have relics that are centuries old. We need to preserve these and learn from how them our society lived and thrived for centuries. How did we become 20 per cent of the global economy 400 years back? Again, CSR funding can routed to study and preserve our heritage and history.

At Infosys, which I co-founded and was a part of for very many years, the distribution of wealth is as important as its legal and ethical creation. A strong sense of social responsibility has always been an integral part of the value system, epitomized as C-LIFE: Client value, leadership by example, integrity and transparency, fairness, and excellence. The Infosys Foundation, established in 1996 as a not-for-profit trust to take forward the company's social initiatives, supports programs and organizations devoted to the cause of the destitute, the rural poor, the mentally challenged, and the economically disadvantaged sections of the society. The Foundation also helps preserve certain cultural forms and dying arts of India. While initiatives like computers@classrooms and the Infosys Extension Program (IEP) carry forward the commitment to education, the company is also setting high standards in environmental stewardship, gender equality and rural development, among other areas.

The Government's CSR policy has been created to leverage and bring the best practices in businesses to solve societal problems. It has been created to spur the setting up of new businesses through business incubators. It is an innovative idea to spur research and innovation to solve the issues facing society today. Let us use the CSR funding available in our organizations to meet these goals of our country, and, as well, to meet the expectations of the world on India. 🌸



# Social Development Goals and CSR



*We must combine the best of all sectors: the political will, resources and convening power of governments; the compassion and dedication of non-profits; the innovation, expertise, and financial capital of the private sector; and the creativity and entrepreneurial spirit of the people, to take on the development agenda.*



**SHOBANA KAMINENI**  
*Executive Vice-Chairperson*  
Apollo Hospitals Enterprise Limited

The world was a different place in the year 2000. It was an exciting time – full of the millennium buzz, Y2K paranoia and a dot.com bubble that promised to last forever. It was also the time the world stood up and accepted its collective responsibility to a better, brighter and healthier future. In September 2000, statesmen from across the globe congregated in the UN Headquarters in New York, and presented to the world, the Millennium Development Goals (MDGs).

The gist of these goals was that developing countries pledged to halve death from disease, poverty and hunger, while the developed countries promised to help them by dropping debt. 2015 was set as the time frame to achieve this transformation.

In the past decade and a half, the global community has taken several promising, positive steps towards a more inclusive, equitable world. The results of this action are clearly visible – deaths from malaria have been halved, 5 million lives have been saved through inoculations, and fewer children die every day. It is a hopeful time, but the road ahead continues to be long and challenging.

As the world closed in on the 2015 deadline, it became clear that the roadmap for the future demanded fresh thinking. The world has changed extensively since the turn of the century. It was amply and overtly clear that our perspective needed to change; fresh development goals needed to evolve.

This evolution in thinking and approach manifested itself as the Sustainable Development Goals (SDG). This was critical given the economic metamorphosis that is sweeping the world. Erstwhile third world countries have kick-started a new wave of growth and prosperity, and this is changing the aid paradigm forever. Moreover, new-found affluence is bringing its own set of unique problems. For instance, India now has an amplified dichotomy in its healthcare system, and the country is reeling under the impact of lifestyle ailments.

The SDGs essentially follow and expand on the Millennium Development Goals. They focus on total poverty eradication, universal food security, sustainable agriculture, inclusive education, gender equality, health and well-being, access to energy, and empowering everyone with the benefit of economic growth.

A fundamental difference between the earlier MDGs and the new set of goals is the scope of participation from multiple stakeholders. In the previous iteration, private sector engagement was markedly absent. This time around, the impact and participation of the private sector is vital for the fruition of the blueprint.

There are several modalities to explore a more augmented participation from the private sector. Innovations in the business model are something we are already seeing extensively, across industries. A bottom-of-the-pyramid focus is helping companies reach newer markets, and unlock fresh opportunities.



Public Private Partnership, or PPP, is another powerful way of collaborating. In sectors like healthcare, insurance, education, and others, we are seeing, and also need to see more, strong alliances being formed to push development to the next frontier.

However, one of the strongest cases of integration between the private sector and the macro-level socio economic goals comes from the Corporate Social Responsibility (CSR) agenda of private sector companies.

In fact, India has been quite a trail-blazer in the field of leveraging CSR and channelizing it to ensure maximum efficacy. The new Companies Act aims to shore up Government spending with corporate funding buffering it. In one of its most path-breaking provisions, the new Companies Act stipulates that CSR spending is now compulsory in certain sets of situations. The Act requires all companies with more than ₹ 5 crore net profits, or with more than ₹ 1,000 crore turnover or ₹ 500 crore net-worth, to spend 2 per cent of their average net profit for the last three years on CSR initiatives.

It also lists the activities which shall be designated as CSR activities. These include eradication of hunger and poverty, promotion of education and gender equality, supporting social enterprises, and ensuring environmental sustainability. Some of the activities included in this list are particularly heartening because they would go a long way in improving basic health standards in our nation. This includes the effort to improve maternal health and reduce infant mortality.

Disease management programs for HIV, AIDS, malaria and many others are also included in the pre-determined list of CSR activities.

The Act also prescribes the administration structure for monitoring CSR policy implementation. It requires companies to form CSR committees with director-level participation. Companies have to report on their CSR activities and spell out the reasons in case of non-compliance.

This move is expected to channelize more than ₹ 10,000 crore of corporate profits towards social development and environmental protection-oriented activities. Much of the mandated and voluntary private sector investments could go into creating many of the 100 million new jobs India will need over the next decade.

Another high impact area is electricity. Lack of access to electricity is also a major challenge that is preventing us from eradicating poverty. Millions of mothers are giving birth in the dark, life-saving vaccine deliveries are challenged by the lack of power to support their cold chains, and 90 million children go to school without electricity.

If we agree that access to electricity and improved livelihoods are vital components for the success of the post-2015 development agenda, then the private sector must have a key role to play in its design and implementation.

For governments, achieving the goals of the post-2015 development framework will mean enacting reforms and creating new policies to build more competitive business environments. In fulfilling its holistic role, the private sector must act with integrity, making sure that its marketing drives development, not opposes it. Private sector enterprises must focus on creating and multiplying value in the societies in which they source, supply and operate, and integrate this into their corporate governance, operations, project development and profit calculation, across the value chain.

As corporate leaders, we need to realize that upholding the interests of society is clearly in the interest of the organizations themselves. It has been said that business cannot succeed in a society that fails. This adage has held true through several historical developments.

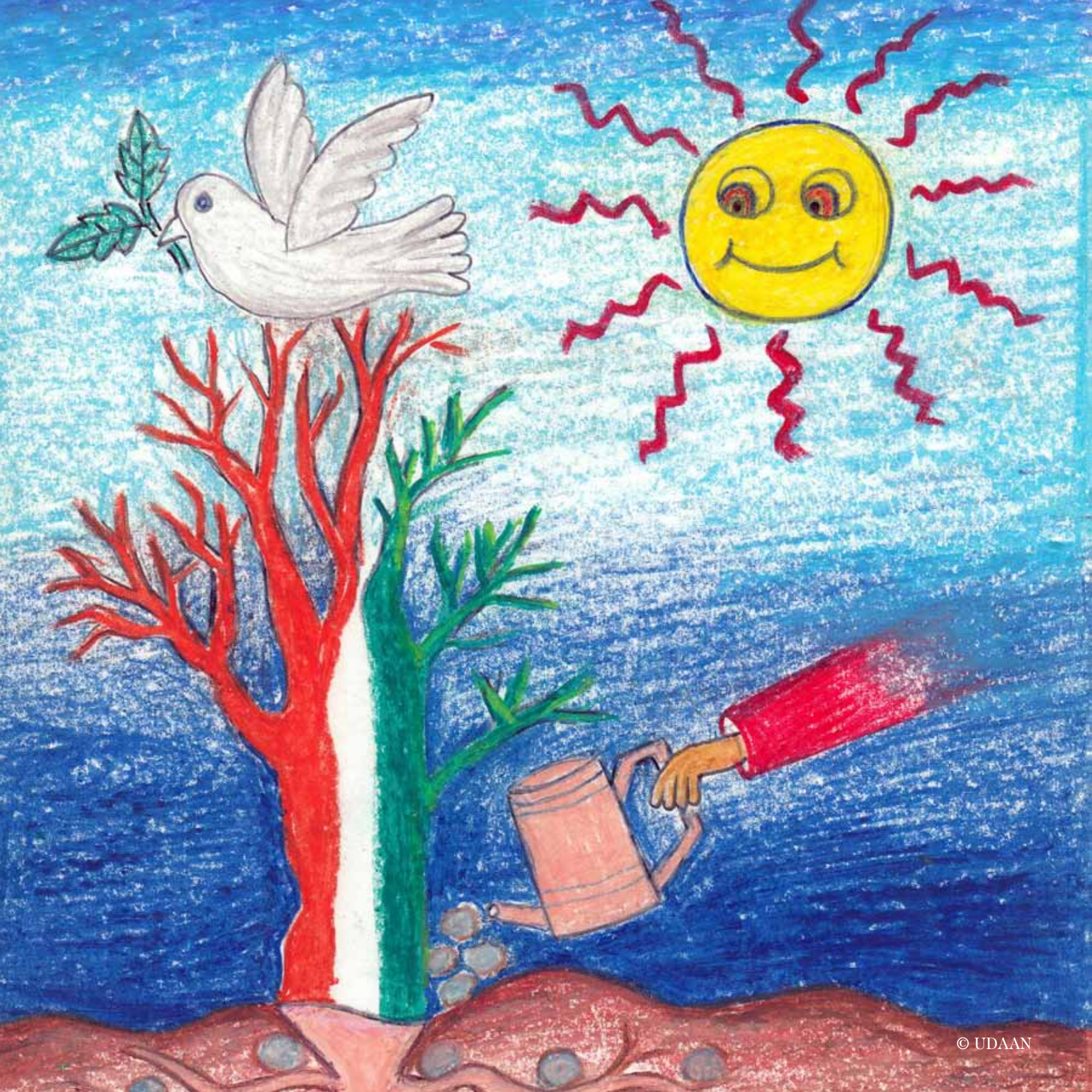
As a case in point of an exemplary model of CSR in community healthcare, the Total Health Foundation envisioned and established by Dr Prathap C Reddy, Founder Chairman, Apollo Hospitals Group, set up in the Thavanampalle mandal of Chittoor district of Andhra Pradesh, is working to provide 'holistic healthcare' for the community of 70,000 individuals from the cradle to the grave. This project is innovative because it is unprecedented in terms of scope, scale and process. It promotes holistic health with a focus on physical, mental, emotional and even environmental well being.

India today is at a stage where it can make a range of choices, including those that would ensure sustainability. The corporate sector must lead in this effort, not only as its duty to Indian society, but also as a measure of enlightened self-interest, since future markets worldwide would favor products and services that subserve the objectives of sustainability.

To herald a new dawn in our nation, we must combine the best qualities of all sectors: the political will, resources, and convening power of governments; the compassion, selflessness and dedication of non-profits; the innovation, expertise, and financial capital of the private sector; and the drive, creativity and entrepreneurial spirit of the people we seek to help. Only then can we hope to take on the challenges of the post-2015 development agenda. 🌸







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## Business and Civil Society: Can the Twain Meet?



*In an organizational world looking increasingly at co-creation, co-production, and coordination, civil society and the business sector, despite their different voices and priorities, are exploring how they can work together more effectively.*



**B MUTHURAMAN**  
*Former Vice Chairman*  
Tata Steel Limited



Not so long ago, there were two distinct poles: commerce at one end, charity at the other. Each fundamentally different from the other, in terms of purpose and focus, in compartmentalized existence. If at one end there were wants, there were rights at the other... competition vs. cooperation, consumers vs. citizens, technocracy vs. politics, and market metrics vs. democratic accountability...

Yet, today, as both these paradigms, the market and social economies, are undergoing remarkable transformation, I see emerging a valuable opportunity for the twain to meet. Yes, self-interest, which in the most simplistic sense is what market economics is about, is forging linkages with the selflessness which is expected to lie at the core of the non-profit world.

In a 21st century organizational world looking increasingly at co-creation, co-production, and coordination, civil society and the business sector, with their diverse voices and priorities, are exploring how they can work together more effectively. Civil Society Organizations (CSO)-business collaborations are being seen as relationships that benefit both business customers and society, producing outcomes collaboratively that neither can produce on their own. Such synergies are producing the innovations necessary to add value to business products and, as well, address complex issues such as environmental degradation, elimination of poverty, and provision of basic necessities such as clean water.

The winds of change in both the market and the social economy are being driven by different considerations. For

the social economy, there is the increasing belief that the infusion of business principles would improve efficiency and accountability, and reduce waste. For the market economy, there is a growing recognition that self-interest in extreme is detrimental to all players. There is broad agreement that the world will only be a better place if we balance social and economic objectives.

The answer does not lie in meshing the two economies to achieve a force-fit, as the failure of a number of high profile well-intentioned but flawed initiatives demonstrates. It probably lies more in getting each sector to recognize and respect the value of the other, and borrow the best from each other.

The social economy needs to recognize that calibrated and enlightened self-interest can create the incentive structures that will increase its own effectiveness. It also needs to accept its dependence on, and the value of, the time, money and direction given by the profit world – or those who have profited from it. It is undeniable that without sufficient self-interest, efficiency and effectiveness often flounder. And equally undeniable that, when self-interest takes precedence over social good, corruption can arise. The financial and organizational prowess of business can complement the ‘soft power’ of the social sector in mobilizing the community, for greater social good.

Equally, businesses need to see the social sector as a critical pillar of any economy, and acknowledge the transformative work of social entrepreneurs in leading the way to social impact.

Many corporates are now seeking to import ideas and practices from their profit world into the non-profit world. These range from simple corporate concepts of good governance and accountability to the more esoteric aspects of what has come to be called ‘philanthrocapitalism’ – the substantive use of business approaches to solve social problems. Examples of such philanthrocapitalism range from Bill Gates using his money to support economic incentives for companies and others to develop and implement solutions for areas stricken by disease and poverty, particularly Africa, to social innovators that effect large-scale social change, like Dr Mechai Viravaidya, Thailand’s Mr Condom. Social Venture Partners (SVP), the world’s largest venture philanthropy group, funds and mentors emerging non-profits to help them get to the next level. In an inspiring example of socially transformational Corporate Social Responsibility (CSR), the joint venture between Danone and the Grameen Bank in Bangladesh, apart from creating business and employment opportunities for the poor, also provides food for undernourished children in the country.

There are several successes of such synergies producing remarkable innovations across the world. CSOs understand communities better, have much greater trust with them, and can deploy low-cost structures and mobilize energy effectively. Further, as CSOs can articulate the interests of the poor, and do so in a way that makes sense for business people, and as well, understand the viability of a product from a community point of view, they are increasingly gaining a role in product development processes.

Each side can bring several important distinctive competencies, not conflicting but complementary, if the alliance is fashioned with care and mutual respect.

CSOs are effective in mobilizing volunteer energy around inspirational goals, whereas business is particularly competent at creating financial reward systems to get the desired results. CSOs are good at creating citizen-based networks for communities’ common good; whereas businesses are good at creating production networks that generate profitable outcomes. CSOs can help business nurture innovations that arise out of their distinct core competencies. While the CSO’s goals - most often some form of empowerment of identified groups or communities- are often seen aligned to those of the community, businesses’ goals are more often than not viewed by the general public with skepticism, due to businesses’ accountability to their shareholders and financial objectives.

All this points to the importance of CSOs and businesses remaining firmly grounded in their own competencies. If one becomes like the other, the very rationale for the collaboration disappears. The pivotal factor for success in such a partnership, as indeed in any successful marriage, calls for each partner to recognize and respect the other’s specialized understanding, structures and skills. This is as true for people as for organizations.

The capacity to collaborate does not come automatically. It has to be built, step by step. This includes understanding distinct goals

and differences, building common vision, defining the outcomes that each party values, creating mutual commitment to achieve the goals collaboratively, and putting in place a management process to support the achievement of these goals.

Hopes are high in many quarters. A report on the 'Phoenix Economy' speaks of 'a new economic order...and a new generation of innovators, entrepreneurs and investors (who are) accelerating the changes essential for delivering scalable sustainable solutions to the world.' The report celebrates 50 organizations which have been effectively developing market solutions to the world's most pressing social and environmental concerns.

Corporate India now understands that the enlightened long-term self-interest of corporations is a balanced approach to all its stakeholders. This means creating social value as well as economic value for its owners. It is important to embed this thinking across the spectrum, in enterprises both big and small.

At Tata Steel, which I had the privilege to serve for many years, the ethos of value creation for all stakeholders has timeless relevance, with the vision to strike a balance between economic value and ecological and societal value. While, in the initial years, Tata Steel's social interventions were more as a 'provider' to society, where the community was given support for its overall needs, both for sustenance and development, the approach has shifted gradually, to making the company an 'enabler,' building community capacity through training programs, with more focus on providing technical support rather than giving aid.

Tata Steel's intrinsic approach to business is that the wealth created must be continuously returned to society, smoothly melding the three elements - social, environmental, and economic - of society. Today, the company's involvement in the social sphere encompasses vast geographies and spans a very wide range of social, cultural, educational, sporting, charitable and emergency assistance programs, through several institutionalized bodies.

Aligned with this ethos, I firmly believe that creating social value is not only the domain of social workers and the social sector, but also of corporations and the commercial world. As highlighted by *The Economist*, the potential for creating social value can be far greater with companies who have greater resources. Citing the example of Ratan Tata, who 'may improve more lives than any social entrepreneur has done' with the frugal innovation epitomized by the Nano car, *The Economist* pointed out that the greatest agents for sustainable change are 'people, often working for large companies, who see ways to create better products, reach new markets and have the resources to do so.'

The long term sustainable answer to a just and kind society may thus lie in reforming the commercial world, along with expanding and enhancing the social world. In this brave new world, doing good, and doing it well, would be the guiding vision for players in both business and social organizations. 🌸





# The CSR Economy



*Today, there is increased realization that engaging with social causes facilitates sustainable development and benefits all stakeholders in multi-dimensional ways.*



**AJAY S SHRIRAM**

*Chairman and Senior Managing Director  
DCM Shriram Limited*

Indian business has a rich tradition of working towards social development and engaging with the community. Development initiatives have been taken across different sectors like education, healthcare, agriculture, and rural development, among others, for many years. Today, there is increased realization that engaging with social causes facilitates sustainable development and benefits all stakeholders in multi-dimensional ways.

The recent changes in the Companies Act mandating a 2 per cent spend towards Corporate Social Responsibility (CSR) are providing a new impetus to the social sector. There are early signs of a rapidly transforming eco-system in the development sector and the emergence of a new CSR economy. It is expected that the new CSR eco-system will positively support the overall economic growth of the country.

One of the main changes being felt is the adoption of a more focused approach to development, with the emphasis on achieving tangible outcomes. Companies are investing increased management time and attention to ensure better delivery and implementation. The social sector has also been responding with enthusiasm, and both qualitative and quantitative improvements can be expected as the new systems stabilize and grow.

Analysis by different agencies estimates that the overall size of the CSR economy can be anywhere between ₹ 15 – 20 thousand crore per annum. This has the potential to act as a catalyst and support the programs of the Government in different social sectors. Information analyzed for Bombay Stock Exchange (BSE)-listed

companies (~ 1200) indicates that over ₹ 6400 crore was invested by the corporate sector towards CSR in the financial year 2014 –15. Considering the fact that there are over 16,000 registered companies, the actual spend is likely to be significantly higher.

Available data suggests that the main areas where corporates have engaged are towards health and sanitation (₹ 1700 crore), education and skill development (₹ 1800 crore), environment (₹ 650 crore), rural development (₹ 650 crore) and integrated development programs (₹ 600 crore). Some of the other sectors where initiatives have been taken include water management, gender equality, national heritage, sports development, armed forces and veterans, and technology incubation funds. This indicates the wide canvass across which the programs are being undertaken and underlines the potential benefits that can accrue to society through sustained action over a period of time.

CSR has the potential to impact supply chains, markets and employment across various sectors. A look at some of the emerging trends points to possible outcomes:

### EDUCATION AND SKILL DEVELOPMENT

Programs in education encompass the construction and improvement of academic facilities, support to meritorious children, promoting continuing education for girls, teacher-training programs, etc. Skill Development initiatives are spread over different sectors and include both technical and soft skills. Education programs cover both K+12 school education and higher education, with special focus on facilities in rural areas.

Meaningful job creation is the most critical need in the country today. Concerted action in education and skills development can provide the requisite skills for this.

With education seen as one of the highest priority areas for CSR, it is expected that there will be a qualitative improvement in the number of students continuing their education, along with a reduction in dropout rates. Initiatives on skill development would likewise lead to meaningful improvement in the employability of youth in the country. As the growth momentum in the economy picks up, a better and improved pipeline of employable youth can be expected to participate in economic activity through gainful employment. Focus on soft skills and livelihood training should further improve the quality of human resource, and create a robust job market. Quality improvement is also expected through the focus on enriching content, and better teacher training.

**HEALTHCARE AND SANITATION**

Programs in this sector include health camps, construction of medical facilities, building toilets, providing safe drinking water, and similar initiatives.

Inspired by the national missions of Swacch Bharat and Swachh Vidyalaya, health and sanitation has been a major thrust area for both the Government and the corporate sector, and considerable investments have been made in toilet construction in rural areas and in public schools.

The creation of hygienic facilities has a positive multiplier effect. With sharp focus on working with students and the community,

there is a growing awareness about sanitation and its benefits. This is leading to better attendance in schools, particularly of girl children, who have traditionally been deprived of such facilities. Concerns of sexual abuse of women due to open defecation are also getting addressed. Early trends indicate a positive impact through the greater involvement of different stakeholders. NGOs and other civil organizations are playing a major role in these initiatives, and are catalyzing the adoption of health and hygiene practices.

Along with the already-established mid-day meal programs, it is hoped that the endemic problem of high drop rates after primary school level can be mitigated. One can also expect a reduction in medical costs and availability of better medical services, especially for the under-privileged sections of society.

**AGRICULTURE AND RURAL DEVELOPMENT**

Ensuring a vibrant and economically viable agriculture sector is critical for food security, the well-being of the population, and the development of the farmers. Agriculture has been a focus area for many corporates with programs centered around yield improvement, better agricultural practices, market linkages, creation of farmer producer groups, wasteland farming, horticulture, and the production of pulses.

Rural development programs tend to focus on the creation and maintenance of infrastructure, road repairs, provision of hand pumps, and other much-needed facilities in rural areas. With the active engagement and involvement of local communities, there is now increased awareness and ownership of these facilities, which



is making these initiatives more sustainable. Partnership with local governments is also helping in identifying and prioritizing projects to reach out to the most neglected areas.

Programs in agriculture are primarily aimed at building sustainability in the farming profession and enhancing income opportunities for the farmers. It is expected that continued efforts in this area can contribute to a significant improvement in the agri-value chain, better farmer practices, higher farmer incomes, and overall food security.

ENVIRONMENT PROTECTION

Programs being pursued in the environment space revolve around waste management, industrial pollution, civic amenities, bio-solutions and bio-diversity.

Sustainable development requires a balanced approach between growth and protection of the environment and ecology. Growth with adequate safeguards is the optimum balance needed to ensure equitable growth. CSR provides an opportunity to create meaningful programs in this area and ensure sustainability. Greater markets can be created for bio-products, leading to new product applications and better practices. Embedded technologies for environment management reduce the overall costs to the economy. Better quality of air and water would facilitate an overall better quality of life for the people in the country.

WATER

It is often said that ‘wars will be fought over water in the future.’

The availability of clean, abundant water is one of the key priorities for policy makers all over the world.

Several Indian companies are engaged in water management programs oriented towards improving the quality of potable water, and water conservation across domestic use, agriculture and industry.

CSR initiatives have the potential to actively act as a bridge between state-level programs and communities for better overall water management.

To conclude, one of the positive outcomes of CSR practice in the initial phase has been the development of collaborative models amongst corporates, civil organizations and the Government. There is a distinct trend of resources and competencies being pooled together, leading to bigger and more impactful programs and their efficient execution.

As the overall environment for CSR programs develops over the years, with more sustained result-oriented efforts, one expects that the new CSR economy will open up further avenues for innovation in supply chain, markets and employment.

A focused approach towards CSR is also helping build expertise in different sectors, with the active participation of NGOs.

Corporate India is enthused with the early results and is fully committed to greater participation and engagement with society.

At DCM Shriram, we ensure that our work in the CSR space has a meaningful impact on the lives of the communities we engage with. We bring the same level of professional competencies to our CSR activities as we do to our business operations. Our interventions range from preventive healthcare by constructing toilets, to projects for soil health improvement, and from providing skills to unemployed youth to development of quality infrastructure for education.

With all stakeholders working together, one can look forward to better, healthier and safer communities. 🌸



“ I slept, and dreamt that life was joy. I awoke, and saw that life was service. I acted, and behold, service was joy.”  
RABINDRANATH TAGORE



“ When the rare chance comes, seize it, to do the rare deed.”  
THIRUVALLUVAR



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## The Future Company: Creating Premium by Creating Value



*Compassion, enlightened self-interest  
and an innovative approach  
can make CSR projects a legitimate,  
strategic and viable  
part of business operations.*



**venu srinivasan**  
*Chairman*  
Sundaram-Clayton Limited



Corporate Social Responsibility (CSR) is still the most popular and prevalent term for the collection of good citizenship activities conducted by various organizations, even though related concepts, such as sustainability, corporate citizenship, business ethics, stakeholder management, corporate responsibility, and corporate social performance, are vying to replace it. In different ways, these expressions refer to the ensemble of policies, practices, investments, and concrete results deployed and achieved by a business corporation in the pursuit of its stakeholders' interests. As governments and businesses across the world are realizing that their respective competitive positions and access to capital increasingly depend on being able to respect the highest global standards, CSR has gone well beyond philanthropy to include facets of corporate, ethical, environmental and legal as well as economic responsibility.

The CSR of the 1960s and 1970s was motivated by social considerations and fueled by altruism. At that time, 'social' initiatives were pragmatically seen as a compensation for possible detrimental impact by business on society. With the passage of time and the increase in resources being dedicated to CSR pursuits, it is only natural to ask, does CSR make economic sense? I believe it does. Compassion, enlightened self-interest and an innovative approach can make CSR projects a legitimate, strategic and viable part of business operations.

Today, there is substantive evidence for the business case for CSR: a business, by allocating resources to advance a certain socially responsible cause, can, and indeed, does, reap tangible benefits.

Beyond compliance with government regulations, companies are finding a variety of reasons for being attentive to CSR. Reducing cost and risk, gaining competitive advantage, developing and maintaining legitimacy and reputational capital, and achieving win-win outcomes through synergistic value creation, are just some of the potential bottom line benefits to companies as well as their stakeholders.

There is empirical evidence of the positive relationship between a corporation's social initiatives and its financial performance. And in response to this, Socially Responsible Investment (SRI) is gaining credence. The last decade has seen the evolution of a cadre of socially responsible investment funds, that focus investment on businesses with a solid track record of CSR-oriented initiatives. More institutional investors are now seeking companies with good records on employee relations, environmental stewardship, community involvement, and corporate governance. With new market trends promoting the correlation between social and financial performance, we are seeing a clear shift from an ethics/altruism-based rationale to a performance-driven orientation.

Additionally, we are also witnessing a trend wherein companies are building their competitive advantage through unique CSR strategies. For instance, inclusive policies may help a firm recruit and retain more talented employees than its competitors. Good CSR initiatives today are becoming important contributors towards strengthening a firm's competitive advantage, brand loyalty, and consumer patronage.

Often, companies see value in aligning their philanthropic activities with their capabilities and core competencies. In so doing, they avoid distractions from the core business, enhance the efficiency of their charitable activities and assure unique value creation for the beneficiaries.

Companies also align their CSR initiatives to create, defend and sustain their legitimacy and strong reputations, maintaining congruence with the goals and values of the society in which they operate. Demonstrating their ability to fit in with the communities and cultures in which they operate, they build mutually beneficial relationships with stakeholders. The best example would be the Jamshedpur township founded by Shri Jamsetji Nusserwanji Tata, who came to build a steel plant and built a city instead.

Another example is the Village Buddha concept developed by breakthrough management specialist Shoji Shiba. The Village Buddha model involves stationing change leaders in Indian villages, to spur the social and economic development of local communities through CSR. The concept envisages firms working with the villagers and panchayats to identify breakthrough projects around community needs such as clean water or self-sufficiency in energy and education. This also helps companies appreciate the needs of rural markets and develop business models to tap opportunities at the bottom of the pyramid.

CSR is a tool for synergistic value creation. When companies get the ‘where’ and the ‘how’ right, philanthropic activities

and competitive advantage become mutually reinforcing, and create a virtuous circle. For example, in the long run, giving to education improves the quality of human resources available to the firm. Similarly, charitable contributions to community health eventually result in the creation and preservation of a higher quality of life.

Management guru Peter Drucker, way back in 1984, suggested that the proper ‘social responsibility’ of business is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth.

In India, with the Companies Act 2013 moving CSR from the sidelines to an integral part of a company’s strategy, companies increasingly need to figure out what they should focus on, to create or preserve economic, environmental and social value for themselves, their stakeholders, and society at large. What is evolving is a broad stewardship model, which combines social values and business elements, recognizing the interdependence between business and society.


Today, businesses operate at any of the three levels of CSR. One, a reactive response to challenges from the business environment; two, a proactive response to supply chain impacts, and three, strategic CSR that leverages the company’s capabilities to operate in competitive markets.

We, at the TVS Group, have been early adopters of CSR with the philosophy of giving back to the society as a corporate citizen.

We believe that all stakeholders must benefit because we exist, whether it is employee welfare, or fulfilling the needs of the community, with education and healthcare as our prime focus.

The two trends of reputation and disruption are shaping Indian business today. The social risk of doing business is likely to increase as reputation and responsibility converge in a world of demanding customers. On the other hand, material shortages, climate change and an increasingly polluted environment are driving most industries towards game-changing transformation. Renewable energy sources, reuse and recycling of waste as well as technological disruption are making companies rethink ‘business as usual’.

While the journey towards transformation is at different stages in different industries, one thing is very clear – business needs to coexist with society and set new priorities for long term growth which positively impact the world around us. Looking to the future, I see the scope for CSR widening into relatively uncharted terrain for Indian consumer-facing industries. Investing in building a culture of safety and security, through measures to enhance women’s well-being, children’s welfare, data protection, personal privacy, responsible driving, etc, are interesting and valuable ways in which corporates can set standards, building trust that grows within the system, interlinking services, people and the providers in an ever-evolving harmonious stream.

Indeed, the day is not too far off when we will see the business of business as the creation of sustainable value-economic, social and ecological. Trust, Materiality and Responsibility can be a powerful combination in making CSR meaningful. Is there value in virtue? Yes, indeed, there is. 

“Sincerity is the sum of all moral values.”  
BR AMBEDKAR



“India has to be transformed into a developed nation, a prosperous nation and a healthy nation, with a value system.”  
A P J ABDUL KALAM



