

PUSHPA SUNDAR'S VIEWS ON CORPORATE SOCIAL RESPONSIBILITY - AN IDEA WHOSE TIME HAS COME -

<i>The beginning...</i>	<p>Businesses have always been engaged with the community in one manner or the other. This association has been known by various names at various times. Today what is commonly known as Corporate Social Responsibility or CSR, was earlier known by nomenclatures such as Merchant Charity, Corporate Philanthropy, Corporate Citizenship, Social Investment or even Venture Philanthropy. In India, the concept of 'giving' began to change from being religious, ameliorative in nature, and confined to members of their own community, caste or religion; towards being more secular, more all-encompassing in terms of caste, creed and community.</p>
<i>The history...</i>	<p>The story of Indian business philanthropy is largely a story of business families and some business dynasties. The Parsis, the Marwaris, the Khattris and the Chettiars have all demonstrated philanthropic gestures. Prominent among them are the Tatas, the Birlas, Goenkas, Kanorias, Bajajs, Jalans, Dalmias, Modis, etc. Particularly significant examples are those of Ardeshir Godrej who gave Rs.3,00,000 to the Tilak Swaraj Fund, for upliftment of Harijans; Ambalat Sarabhai who made an anonymous donation to the Sabarmati Ashram to save it from closure; Jamnalal Bajaj who put himself and his wealth at the disposal of Gandhiji and GD Birla who gifted away many of the palatial Birla homes to the nation.</p>
<i>India's visionaries...</i>	<p>The credit for bringing social responsibility into the business community's consciousness goes principally to Kasturbhai Lalbhai, JRD Tata, Arvind Mafatlal and Ramakrishna Bajaj. The beneficiaries of business philanthropy have been mostly from urban middle or lower middle class who took the maximum advantage of the educational, health, arts, and other facilities provided by business funds.</p> <p>Tracing the evolution of ideas regarding the role of business in society and the transformations in practice, Ms. Sundar presented a summarised view of Indian business philanthropy in the context of the economic, socio-political and cultural developments in the country from the beginning of modern history in the second half of the 19th century. She provided an insight into how the instrument of philanthropy has sometimes been misused by the unscrupulous wealthy to evade taxes, to benefit their own friends, relatives and dependents, and to derive advantages for their business. These factors led the business community to acquire the common image of a tax evading, profiteering and socially indifferent group in society.</p>
<i>Objective of giving...</i>	<p>The motivation of giving remains the same for companies even today. They are keen to create a good image for themselves and their business and to ease the entry in new markets, both domestic and global. This still is the surest way to make friends and influence people in a strange place and to gain favour with the government. Today, many transnational companies come into the country and turn to CSR to project an image of being serious about the</p>

country's well being and dispel the notion that they are mere opportunists.

Many of the old multinationals such as ICI, Hindustan Levers and ITC became Indianised and began to feel similar pangs of responsibility as the indigenous businesses. For the new wave of MNCs, which have come into India in the wake of liberalisation, philanthropy is more an exercise in public relations and market development than a sentimental attachment to the community.

"The art of amassing riches becomes a degrading and despicable art, if it is not accompanied by the nobler art of how to spend wealth usefully. Let not possession of wealth be synonymous with degradation, vice & profligacy" – Mahatma Gandhi

Acknowledging the stellar role of Jamshedji Tata (1839-1904) 'who was also to become the father of modern Indian philanthropy', Ms. Sundar explained how he was concerned about the use of wealth at the same time as Carnegie and Rockefeller, though his wealth was on much smaller scale. The JN Tata Endowment Scheme was launched in 1892, much before the first major foundation in America. His biggest contribution was the establishment of the Indian Institute of Science. Likewise, the descendant of Loydee Nusservanjee Wadia, Nowrojee Wadia (1837-1909) set up a full-fledged foundation on the lines of those in the West.

*Campaigners
for more ethical
behaviour...*

The decade of the 1970s saw voluntary organisations change from being 'welfare-oriented' to being 'change' or 'people-oriented'. SP Godrej, Dr. Bharat Ram and others joined JRD Tata, one of the first to alert the nation to the dangers of uncontrolled population, in a campaign for population control. They together set up the Family Planning Foundation in Delhi for research and funding of family planning activities. Business philanthropy could truly be said to have thus contributed to social change and progress in India.

It was private initiatives that showed the way across discipline from the field of art with JJ School of Art; social work with Tata Institute of Social Science Research; engineering with Birla Institute of Technology or commerce with Shri Ram College of Commerce. Private sector initiatives also pioneered many new fields of endeavour, such as cancer research, wildlife conservation and management education.

*The turning
point...*

Business community's adoption of responsible behaviour has been necessitated by its own needs and not by the desires of the community, though they are directly linked to each other. Around early 1990, the movement for better behaviour by the corporations became known as **Corporate Citizenship**. Corporations had always believed in giving away a portion of the surplus money generated from business, largely in the form of institution building but restricted mainly to urban India. They had not demonstrated any real concern for rural India or to bring about any long-term change at the grass root level. This new concept as first promoted by both J.R.D. Tata and subsequently by Ratan Tata by providing solutions to address illiteracy, the diseased and the backwardness of the country. As corporations became concerned with making a change at the grass root level, it ensured conservation of the

environment and the natural resources.

Today, CSR talks about responsibility across all stakeholders in terms of the following:

- The company must ensure good working conditions and fair wages to all employees, labour
- Use of responsible, principled and trustworthy suppliers
- Honour responsibility to the government in terms of running an ethical and a legally compliant business
- As its duty to society, companies must minimise negative impact on society because of its operations and maximise positive impact of its business operations

In a nutshell, companies must be conscious of the '**Triple Bottomline**'.

Socially responsible profit...

- The financial bottomline – profits
- The social bottomline – minimising the negative impact and maximising the positive impact
- The environmental bottomline – ensure not to draw from the Earth more than what is required

Companies are being encouraged to factor the costs of undertaking socially responsible business as part of the company's normal cost of operating business. The resultant profit thereafter is the company's socially responsible profit.

There are many ways of executing CSR activities –

Ways of practising CSR...

- The company can undertake a programme independently e.g. Hindalco's rural integrated programme around its plant in Chitrakoot. Similarly, IPCL administers a programme around its units in Baroda. Such independent initiatives are mostly restricted to only the local communities in the vicinity of the company's operations
- Partnering an NGO - e.g. BILT has partnered with Harsha Trust in Jaipur
- The company can outsource its business processes to those really in need – e.g. Titan enlists the help of an NGO to train physically challenged people for watch repair and watch strap making work
- Buy supplies from the needy – e.g. HLL buys its corrugated boxes from an NGO, which works with the disabled. Tata Motors and Bajaj Auto have tied up with poor women in their communities to supply *pickles* and *chapattis* in their canteens.
- Voluntary work on an individual level – companies motivate employees to go out and volunteer time and skills for a variety of causes.
- Matching donations - Sometimes companies give an equal amount to the NGO's supported by their employees.

QUESTIONS AND ANSWERS

Is there a good time in the life cycle of an organisation to start a CSR

Pushpa Sundar commented that implementing CSR practices or responsible behaviour right from the beginning pays dividends for the company itself. The sooner people perceive the company as being ethical and caring, better value is attributed to its products.

programme?

*How does one
get the
message across
about the good
things a
company is
doing?*

Pushpa Sundar replied that in a community, word gets around very fast. The brand equity of the TATA's has been built solely on the basis of responsible behaviour. Word of mouth is the best way and another way could be by partnering an NGO and be advocated by them.

(Excerpted from the presentation made by Pushpa Sundar, Executive Director, Indian Centre for Philanthropy, at PR Pundit's workshop, held in Delhi on March 23, 2004)