SHANKAR VENKATESWARAN'S VIEWS ON SHOULDERING CORPORATE RESPONSIBILITY

If anyone came close to articulating a mission statement for India, it must be Jawaharlal Nehru in his famous Tryst with Destiny speech on the eve of India's independence. He reminded all citizens of a new India of the task ahead – of "the ending of poverty and ignorance and disease and inequality of opportunity". That the fulfilment of these tasks would enhance economic growth is a spin-of, an additionality and cannot be seen as the primary reason to undertake the tasks set out by Nehru.

What is corporate social responsibility?

That companies have a responsibility to society and that this benefits companies in the long run is no longer a topic of debate. Indeed, Indian industry has a tradition of giving, even if this was driven by religious motivations. However, what constitutes socially responsible behaviour for a company in the context of the present and emerging scenarios is important to understand.

In the stark reality of India.......

Statistics about India's underdevelopment are depressingly familiar but still worth recalling because they tell the story :
- As far as the Human Development Index is concerned, India ranks an abysmal 138 out of 175 countries.
- In terms of the Gender Development Index, India is even worse, ranking 118 out 146 countries.
- About 74 children out of 1000 never see their first birthday.
- Only 52 per cent of the population of the country are literate. Women are worse off with only 36 per cent having this capacity.
- Less than 30 per cent of the population have *physical* access to sanitation.

......the issue of human underdevelopment needs to be addressed

It is tempting, and convenient, for many companies in India to mirror the social responsible behaviour of their counterparts in western countries. This may be especially true for transnational companies just starting off in India, who are more familiar with what they have been doing back home. Companies wanting to clean up beaches or doing programmes in traffic management in cities or restoring old monuments would be doing great service to society. But, if such programmes alone constitute a company's sum total of socially responsible activities, it runs the risk of being insensitive to the more fundamental issues that the above statistics reveal, i.e. The key issue in India is *human underdevelopment* and hence there is a great need to focus on people who are poor or disadvantaged.

Benefits of development go largely to the better off, leading to even more inequity

Economic underdevelopment is only a part of the story. The other, and perhaps more significant part, is the huge inequities that exist in this country, caused by social and political factor – what Nehru described as "inequality of opportunity". This is important to understand because *benefits of development go largely to the better off because of this inequity, leading to even more inequity*.

Another source of confusion is who constitutes the community or the society to whom companies target their social responsibility activities? Do employees and their families also constitute community?

The community or society that is the target for a company's social responsibility programme include:
- People who the company is not contractually bound to. Employees, shareholders, customers, suppliers etc., all of who have a contractual relationship with the company, are therefore *excluded* for the simple reason that the company is bound to do something for them anyway.
- People who are disadvantaged – socially and/or economically. If one is sensitive to the development context in India, this is obvious.

If socially responsible activities of a company are to aimed at disadvantaged people with the view to bring about a change, what should be done? There are no formulae for this as much will depend upon the specific context in which such people and the company are placed. But some rules of thumb will help to determine if the activity is relevant from the viewpoint of sustainable development. These are :
- There is the well-known saying that if you give a person some fish, you feed her for a day but if you teach her fishing, you feed her for life. So, the question that must be asked is, **will the activity teach fishing**?
- It is widely accepted that people, however disadvantaged, understand their problems and know what some of the solutions are. Development is about treating people not as subjects or objects of the activity but as **active participants**. This is the first step in ensuring that activities address a need that the people feel, not what the company (or for that matter, an NGO) interprets the problem to be.
- Development is, most importantly, a process which is **long-term** in nature as it is addressing issues that have been around for a long time. Thus, development programmes cannot be in the nature of short-term projects whose outcomes can be pre-determined. The development players must be ready to commit themselves for the long term.

Thus, adopting a village does not fit. **A partnership with the village, recognising and addressing inequities within the village, is the first step towards sustainable development.**

BEING SOCIALLY RESPONSIBLE – WHO CAN COMPANIES WORK WITH?

Whatever be the yardstick – spend, coverage, geographical spread - the government is by far the largest development player. And that is how it should be as social development is the primary role of the state. At the same time, there are many other private institutions that are involved in development, primary being the not-for-profit

effort to this......

sector or the voluntary sector or non-government organisations (NGOs), who are increasingly being recognised as significant players.

A socially responsible company has many alternative ways by which it can get involved in social development :

? It can **work directly** with communities. Many Indian companies have adopted this route, except that many also adopt villages in the process!

......offering alternatives to responsible companies

? It can **support government programmes**.

? It can work in **partnership with NGOs**, either those who work directly with communities, or those that support such NGOs (CRY, ActionAid and Oxfam are familiar examples of support NGOs).

There is an increasing recognition of the fact that for social development to work, it is not enough to have your heart in the right place – although this is vital. It is also necessary to approach it with understanding, as development is as complicated as any other process, perhaps more so because it deals exclusively with human beings and works at trying to reverse some parts of the past.

Need for specialised inputs......

Thus, an effective social responsibility programme must recognise what the company's core competence is. Many companies are beginning to recognise that they do not understand development sufficiently and are looking to get the expertise from outside, either by retaining development professionals or working in partnerships with institutions that have this expertise i.e. governments and NGOs.

.......could mean working with NGOs.....

Though India has a rich and old tradition of NGOs, their role in development has been recognised and legitimised rather recently. This is one reason why companies working in partnership with NGOs is a relatively recent phenomenon, and still not a widespread one. There many advantages and disadvantages in working with NGOs :

Advantages

? The core competence of an NGO is social development. Its weaknesses are in the area of management, marketing etc., which is where companies have skills. Thus, a partnership between an NGO and a company is highly synergistic.

.......in partnership

? NGOs working at the grassroots are familiar with local issues, especially those of the most disadvantaged to whom they have a natural affinity to.

? NGOs are trusted by the community, an important pre-requisite for a successful social development programme.

? NGOs have an institutional framework that is geared to implementing programmes, because that is the business they are in.

Disadvantages

? Since NGOs tend to mirror society, there are some NGOs which are not financially above board. Thus, finding 'good' NGOs is

not easy. However, this problem can be minimised by working through intermediaries like Partners in Change or support agencies like ActionAid, CRY and Oxfam, to name a few.

? Finding an NGO that is managed professionally is also not easy.

? When a company works with an NGO, its own control over the programme reduces as the NGO is technically better equipped to run the programme.

WHAT RESOURCES CAN COMPANIES BRING TO THE TABLE?

Conventional wisdom says that for a company to be socially responsible, all it needs is two things - find a good cause and write out cheques. While the first is true, the second is not, as the following examples will illustrate.

Share skills

As mentioned earlier, there are many skills that NGOs lack that companies have in great measure. These are skills in management, marketing and technical areas, all of which are relevant to development. These skills lie with the employees who are often only waiting for an opportunity to become a part of the programme! All they need is to either spend time in implementing a programme with the NGO partner or impart their skills to NGO staff and communities through training. Here are some examples :

sharing skills in management, marketing and technical areas.....

? The consultants of A T Kearney, the international firm of management consultants, undertook a detailed organisational review of Deepalaya, a Delhi-based NGO, to streamline the structure, systems, succession planning etc.

? Executives from Coca Cola ran a marketing training programme for several groups engaged in production of crafts. This was part of an attempt to build the capacities of these groups to carry out their own marketing.

? Chefs from Taj Mahal Hotel, New Delhi ran a 6-week training course on baking skills to a group of women in a slum. The bakery unit works in full swing and profitably.

Create employment opportunities

......and providing livelihoods to disadvantaged people is a powerful way of making a difference

Apart from directly employing disadvantaged people (Titan has a policy that positively discriminates in favour of people with disability for employment), setting up ancillary units that provides livelihoods to such persons is a powerful way of making a difference. Consider the following :

? Titan has a set up an ancillary unit in partnership with a NGO that fits straps on watches. The unit employs over 30 persons, most of whom are physically or socially disabled. Apart from the opportunity, Titan provided training to the employees of this unit who will, over time, become the owners of the unit.

? HMT has set up a watch repair centre in partnership with an NGO. This provides training in watch repair as well as repairs watches for HMT on a commercial basis.

Preferential purchase

There are many items that companies purchase, ranging from uniforms to machined parts. Companies can, as a policy, purchase these from disadvantaged communities who produce these, provided commercial terms of quality, delivery schedules etc. are met. A few examples illustrate the point :

? Hindustan Lever, Smithkline Beecham and other Bangalore companies buy cardboard cartons from an NGO that works with visually disabled people.

? Kinetic Engineering and Kalyani Brakes buy machined parts on a commercial basis from an NGO that works with the disabled.

Questions & Answers

Resistance from NGO's

A delegate asked Shankar what should be done in case all best intentions of a company towards community work backfires, and they are faced with very strong opposition from the NGOs of that area.

Shankar commented that this can certainly happen and not merely as an off chance. NGOs and companies are strange bedfellows as no one understands completely how the other functions or what the other need. Community work is still at a very nascent stage and is not very industry or sector specific. The only way to work around this is to at all times work across the table with the NGO.

Some of the issues of concern which delegates shared were sabotage related and in such an eventuality what steps need to be taken. In fact a delegate even suggested that it may be a lot easier to work in societies where the company's factory was not situated, as hostility may be less as the parties involved may not have vested interests in mind.

Keep the community programme independent from the PR one....

Shankar shared some very relevant points with the delegates while suggesting that an NGO partner is always initially sceptical of the help offered. He either feels it is being doled out as charity and is hesitant to accept or questions your motives as being vested. The only solution offered is not to confuse the company's PR programme with the community programme. Involving the two together will not only confuse matters it will heighten the already prevailing scepticism within NGOs.

....taking heed of the local politician

Another delegate commented on the need to watch out for the local politician of that area as he/she is a very major influencer within his constituency. He needs to kept informed at all times and his support always ensued on all activities of the company operating from within his area.

(Excerpted from the presentation made by Shankar Venkateswaran, MD Partners In Change, at PR Pundit's workshop - Emerging Constituencies, held in New Delhi on September 18, 1998)