

Invited Article

Successful Examples of Corporate Social Responsibility

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Corporate social responsibility acknowledges the debt that the corporation owes to the community within which it operates, as a stakeholder in corporate activity. It also defines the business corporation's partnership with social action groups in providing financial and other resources to support development plans, especially among disadvantaged communities. The emerging perspective on corporate social responsibility focuses on stakeholders (shareholders, employees, management, consumers and community) rather than on maximisation of profit for shareholders. There is also more stress on long-term sustainability of business and environment and the distribution of well-being, according to the author

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CSR in Reality

Companies, businesses and society are more connected and interactive today than ever before. Corporations are more aware of their role towards the society. They are expected to be responsible bodies with a sense of duty towards common resources and the environment and there is a growing realisation that they, as an integral part of this society themselves, can contribute to its development. Consumers' and citizens' campaigns can make all the difference. Corporate Social Responsibility or CSR constitutes the foundation of the tripartite relationships among companies, society and the nation.

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Corporate Social Responsibility (CSR) is expected to be integral to business today. It has also become the password to not only overcome competition but to ensure sustainable growth. It has been supported by the shareholders and stakeholders, by and large, encompassing the whole commu-

nity. CSR in reality is the alignment of business operations with social values. It takes into account the interests of stakeholders in the company's business policies and actions. It focuses on the social, environmental, and financial success of a company - the so-called "triple bottom line" - with the aim to achieve social development while achieving business success. More importantly, CSR is the point of convergence of various initiatives aimed at ensuring socio-economic development of the community as a whole in a credible and sustainable manner.

Individual efforts and even just government effort is not enough to bring changes at a pace that it is actually needed. Fortunately, with the popularity of CSR, more and more companies now perform in non-financial arenas such as human rights, business ethics, environmental policies, community development, corporate governance, and workplace issues. Now, social and environmental performances are considered side by side with financial performance. From local economic development concerns to international human rights policies, companies are being held accountable for their actions and their impacts. Companies are also more transparent in disclosing and communicating their policies and practices as these impact employees, communities, and the environment as per global reporting norms.

The belief among the companies is that every aspect of a corporation's CSR should be linked to corporate strategy by

connecting it as tightly as possible to the company's unique capabilities and competitive context. Infosys is an interesting example of this new-age CSR. The company is utilising its core competence in the area of technology to bring larger good to the community. We also have the ITC group whose socio-forestry initiative and e-choupal is an excellent paradigm where CSR and business have created harmonious associations. The cynic would however argue that 70% of ITCs revenues still come from tobacco and wonder whether its CSR is just a smokescreen.

Some companies, though fewer in number, are realising the advantages in linking corporate strategy with CSR. In order to work out a comprehensive plan for its not-for-profit initiatives, the Tata group has instituted the Tata Council for Community Initiatives — a central body that acts as a facilitator for the entire group's social initiatives. While the Tata group companies may continue to provide health services, education and other tangible benefits, its focus is more on building self-reliant communities, and working towards sustainable livelihoods. However after Singur and Kalinganagar even the fair name of the Tata group is sometimes controversial.

Mahindra & Mahindra is one such company that decided in its 60th year to donate 1% of profits after tax (around Rs 1.3 crore as per figures shown) into CSR. Its activities include the K.C. Mahindra Education Trust, which promotes education at various levels and Nanhi Kali, a programme aimed at helping the under-

privileged girl child at the Mahindra Foundation, the midday meal program in AP and Rajasthan, and Affirmative Action through Mahindra Pride Schools. The Foundation has constituted a CSR Council, with members being the heads of all its businesses from tractors to holiday homes. It has also the ESOPS program –“Employee Social Options” and not just a stock option - promotes volunteering and works in partnership with Naandi Foundation and other organizations. For all these current initiatives Mahindras were awarded the FICCI–SEDF award 2007, one of the first CSR awards in the country that includes a 360 degree reality check by the civil society who meet up with trade unions, Govt representatives, employees etc before presenting its findings to an eminent jury.

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CSR has moved from being a public relations tool or a feel-good factor to a key parameter to keep companies open and transparent. It now no longer stands in isolation but has become a part of good Corporate Governance policies. The reality today is that companies are taking the issues of ‘reputational risk’ very seriously and it is no longer seen as an option. Most CSR models are based on the principle that goodwill earned from the stakeholders leads to benefits to the corporation. This in turn enables the corporation to further enhance stakeholder value.

Triple Bottom Line

The oft-quoted concept of triple bottom line reporting of CSR suggests that there are three separate and distinct bottom lines - each of equivalent standing. It is believed that in the context of sustainable development, it’s impossible to consider the economic dimension in isolation from the social or the environmental, and vice versa. To be a truly sustainable organization, in the broadest definition of the terms, an organization must perform well across all three dimensions. Corporate social responsibility is also seen as basically a new business strategy to reduce investment risks and maximise profits by taking all the key stake-holders into confidence. The proponents of this perspective often include corporate social responsibility in their advertising and marketing initiatives.

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There is also the eco-social perspective. The proponents of this perspective are the new generation of corporations and the new-economy entrepreneurs who created a tremendous amount of wealth in a relatively short span of time. They recognise the fact that social and environmental stability and sustainability are two important prerequisites for the sustainability of the market in the long run. They also recognize the fact that increasing poverty

can lead to social and political instability. Such socio-political instability can, in turn, be detrimental to business, which operates from a variety of socio-political and cultural backgrounds. Seen from the eco-social perspective, corporate social responsibility is both a value and a strategy to ensuring the sustainability of business. It is a value because it stresses the fact that business and markets are essentially aimed at the well-being of society. It is a strategy because it helps reduce social tensions and facilitate markets.

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For the new generation of corporate leaders, optimisation of profits is the key, rather than the maximisation of profit. Hence there is a shift from accountability to shareholders to accountability to stakeholders (including employees, consumers and affected communities). There is a growing realisation that long-term business success can only be achieved by companies that recognise that the economy is an “open subsystem of the earth’s ecosystem, which is finite, non-growing and materially closed”.

There is a third and growing perspective that shapes the new principles and practice of corporate social responsibility. This is a rights-based perspective on corporate responsibility. This perspective stresses that consumers, employees, affected communities and

shareholders have a right to know about corporations and their businesses. Corporations are private initiatives, true, but increasingly they are becoming public institutions whose survival depends on the consumers who buy their products and shareholders who invest in their stocks. This perspective stresses accountability, transparency and social and environmental investment as the key aspects of corporate social responsibility.

Corporate social responsibility is qualitatively different from the traditional concept of corporate philanthropy. It acknowledges the debt that the corporation owes to the community within which it operates, as a stakeholder in corporate activity. It also defines the business corporation’s partnership with social action groups in providing financial and other resources to support development plans, especially among disadvantaged communities. The emerging perspective on corporate social responsibility focuses on responsibility towards stakeholders (shareholders, employees, management, consumers and community) rather than on maximisation of profit for shareholders. There is also more stress on long-term sustainability of business and environment and the distribution of well-being.

Successful CSR Experiments

Successful experiments are as yet few far between in India. As the saying goes “In the land of the blind, the one eyed is the king”: so are the few examples of good CSR. Companies tend

to pay lip service or remain in the philanthropic mode. Writing away cheques to 'soft issues' such as children issues, disability, health checkups, blood donations and building temples tend to remain the most favoured while questions remain on "how the money" was made, official issues around responsible business practice remain completely unanswered.

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Companies tend to give away financial resources to NGOs or organizations or charities and this continues to be the favoured route. Others set up their own in-house foundations such as Infosys and Wipro. India evolved a tradition of 'Trusteeship' propounded by Mahatma Gandhi and this was later adopted by corporate leaders such as GD Birla and Jamnalal Bajaj. These were initiatives pre-independence. Some of these CSR experiments have succeeded in the establishment of excellent institutions such as Indian Institute of Science, TIFR, TISS by the Tatas, BITS Pilani by Birla's, and the Jamnalal Bajaj Institute by Bajaj. GlaxoSmithline Consumer Healthcare works to support a large number of partnerships spread across the country with issues such as reducing of infant & maternal mortality, access to health care for tribal communities, breast cancer awareness for low income communities, school education for

dropouts, etc. During Emergencies such as Tsunami and the recent Bihar floods it distributed material in kind such as Crocin, biscuits as well as donation of office infrastructure. It recognizes that NGOs and local partners are some of the best ways of quickly reaching the affected communities and has worked with a large number of respected organizations including Gandhian ones.

The Reddy's "LABS" experiment has created thousands of new livelihoods and the Byrraju Fondation established by Satyam group has created rural jobs, rural BPO's in Bhimavaram, Godavari District in Andhra Pradesh, apart from the establishment of EMRI and HMRI. It makes drinking water available to families at subsidized costs and has pioneered the concept of rural BPOs. It is an amazing sight to see young men and women cycle down to work in a serene rural environment rather than migrate in search of opportunities. The Eicher group has also transformed the primary education scenario in Harchandpur Block of Uttar Pradesh, without any publicity of any sort. The Mahindras have set up a foundation called Nanni Kali Trust, which is carrying out primary education work focusing on girl children in Udaipur, where the company has no factory. Mindtree closely works with Spastics Society of Karnataka having their logo itself designed by them, volunteering programs, etc. Kinetic Engineering's support to "Dreamland" an NGO in its formation and there after in its response to the farmers suicide is exemplary. Its outsourcing to leprosy affected communities has led to their

empowerment. The Janaki Bajaj Gram Vikas Sansthan has worked extensively towards rural education and information in the villages of Maharashtra with clear cut exit strategies once basic indicators have been met.

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In the traditional paradigm, most corporate bodies viewed CSR as the extension of a financial input for a humanitarian cause. However, the contemporary context is more complex. A company that undertakes activities aimed at communities (be they philanthropic, social investment or commercial initiatives) but does not comply with ethical business practice cannot be termed socially responsible. Corporate Responsibility is increasingly becoming an important aspect of corporate behaviour. Corporate contribution to society, environment and business when guided by enlightened self-interest improves quality of life for all. Effective corporate responsibility requires a good level of commitment from the entire organisation and especially the top management who can ensure that not only is CSR practiced but also that it is practiced well.

Godrej Industries Ltd, one of the largest industrial groups in India, has not only integrated conservation of natural

resources in its business operations but has also diversified into renewable to minimize its carbon footprint. The company's windmills have brought down carbon emissions, earning it carbon credits. A recent Green Business Survey released by Financial Express and Emergent Ventures India (FE - EVI Survey 2008) revealed that senior managements have realized various risks related to climate change and are putting pressure on their companies to manage climate change risks. Financial companies (67%) acknowledge this risk before others and put pressure on borrowers to come up with mitigation plans.

To create synergy, leaders from corporates, international agencies and governments should come together to assess the contribution businesses have made, can make. And like Nelson Mandela once said, "Without question, businesses must respond for its own good, and what is good for them is invariably good for the community."

A Case Study of Byrraju Foundation Bridging the Urban- Rural Divide

One of the foremost not-for-profit organizations in the country, Byrraju Foundation is committed to transforming the quality of life of the rural underprivileged. The Foundation seeks to build progressive and self-reliant rural communities, adopting a holistic approach. The aim is to transform people's lives by extending them basic services like healthcare, sanitation, safe drinking

water, primary education, adult literacy and training in livelihood skills for both men and women. The use of technology and constant innovation are the chief differentiators. The Foundation is currently working in 199 villages across six districts of Andhra Pradesh, impacting 3 million rural lives.

The core values governing the mission are involving community and making things happen by applying knowledge. While we deliver services through physical presence in each of our villages, we believe that rural transformation can be sustained only if the transformation process is disaggregated and the processes are institutionalised. Our processes innovatively combine global best practices, effective management systems and state-of-the-art technology. The processes are ultimately owned, managed and led by the rural communities themselves.

The Foundation embraces Six Sigma as the tool for designing new processes and making breakthrough improvements in the existing processes. Information and Communication Technology, apart from collaboration with national and international facilitating agencies, is harnessed to generate desirable and enduring changes in all facets of rural life in the shortest possible time.

Awards & Certifications

Awards are the manifestations of society's acknowledgement of one's achievements. During our short existence, we have received many national

and international awards. Listed below are some of the major awards and certificates we received in recognition of our efforts to transform rural areas:

- Computerworld Honors – Tech Laureate Award for Tele Medicine
- Global Development Network Award
- eINDIA's Best NGO initiative of the year Award for Ashwini
- ASIA CSR Award for Rural BPO
- World Bank prize for innovative virtual project
- HYSEA award for the best CSR initiative
- IBM award for the most innovative rural education program
- I.Bhimavaram School selected as the Best School in the State
- 10 adopted villages received "Nirmal Gram Puraskar" for best sanitation practices
- Best NGO Water Initiative Award - By Water Digest – UNESCO
- Winner of First Applied Innovation Forbes Award for GramIT
- FICCI and TERI Awards for Best CSR programs

Alliances & Partnerships

The Foundation believes that cooperation, collaboration, alliance, partnership, etc. are the concepts that rule the world where specialisation is the by-

word. No organisation can achieve its goal in isolation in such a scenario. Alliances offer an opportunity to produce better value for the stakeholders through the synergic energy generated by the participants' respective strengths. Therefore, organisations join hands to reap the synergic value such association creates.

Further, alliances help bridge strategic gaps, if any, in an organisation; and so are very useful. More so in the case of non-profit organisations, which have to look for ways to do "more with less" using the available resources. Alliances provide NGOs an economical avenue to be effective in their endeavours. They can leverage respective competencies to pursue collaborative missions. We at Byrraju Foundation do recognise the importance of Alliances & Partnerships. As on date, we have allied with 175 organisations; from both public and private domain.

The larger purpose of entering such relationship is to convert the Foundation's work into a movement.

A Snapshot of Foundation Achievements

- 6 million patient visits to the Village Health Centers
- 80,000 Individual Sanitary Latrines (ISLs) constructed
- 5000 unemployed youth trained and placed
- 10000 people given livelihood skills training
- 57 pure drinking water plants set up
- 150 adopted villages have achieved 100% literacy
- 101 IBM KidSmart Centers set up in rural primary schools.
- 120 active alliance partnerships
- 100 active virtual leaders