

## Corporate Social Responsibility

Bill Gates is visiting India next month and high on his agenda is to lead a delegation of Bill & Melinda Gates Foundation that will see first-hand some of the challenges and exemplary initiatives underway to prevent the transmission of HIV as part of its Global Health Programme. There are many multinationals worldwide that are fulfilling their corporate social responsibilities in various areas: Ford, whose corporate excellence mandatorily includes 'time budget' for employees to devote to social work; IBM, which is admired for some outstanding work in education and Body Shop whose brand strength itself is inherently based on the corporate social responsibility. The power and rising influence of good corporate citizenship around the world has never been so prominent before!

If investors and consumers increasingly choose investments or products based on corporate citizenship considerations, other companies will take on these objectives and activities just to compete. Alternately, if investors and consumers deliberately avoid certain companies because of their practices, these companies will not long survive.

The findings of the communications research group, Echo Research's study earlier this year among top decision makers around the world showed that corporate social responsibility is rising in prominence – it is now perceived as a top-table issue, delivering real business benefits as well as giving back to communities. Eight among 10 of the decision makers were very confident that being a good corporate citizen enhanced the ability to deliver better branding and employee benefits.

In India, unlike the West, the names of only a few corporate giants, like the Tatas, the Birlas and the Bajajs, have repeated top-of-mind recall for demonstrating consistent and dispassionate support to this. Indian industry too is steadily waking up to the need of thinking about corporate social responsibility strategically, integrating objectives across all functions of the business, knowing that these practices will be important in their long-term business success. For civil society plays a key role in assessing the business community's contribution to the development arena – rewarding community friendly behaviour and criticising the opposite. Corporate social responsibility is not teatime or a pastime talk but has now become a business necessity.

Indian industry is slowly beginning to rise to the reality that they cannot live in an island of prosperity and be surrounded by deprivation and poor living conditions and also the fact that the civil society plays a key role in assessing the business community's contribution to the development arena – rewarding community-friendly behaviour and criticising the opposite.

One outcome on the former, that is rewarding community-friendly behaviour, can be seen from the silent, but superb, work done by Titan Industries in partnership with the Integrated Rural



Development Trust (IRDT). The work involved only attaching the strap to the watch, debugging and fixing jewels, which were at the last stage before dispatch. It was technically simple, but critical, with the watchstraps and watches being supplied by Titan itself. The Community Based Programme provided an integrated package of rehabilitation services to the differently abled and catered to 40 villages in the area.

Titan saw this initiative as out-sourcing that would act as a strategy to cut manufacturing cost and as an opportunity for convergence of business and social responsibilities. For IRDT, this provided income opportunities and increase in self-esteem and self-respect for the differently abled. Building effective, equitable just societies requires that we become more adept at understanding and drawing on various talents in our formal institutions and informal actions.

Social responsibility implies the acceptance of a 'moral imperative' to recognise duties and obligations arising from an organisation's relationships with various stakeholders. It is based on the premise that a business firm is more than an economic institution and should include not merely economic consideration but also social objectives in its decision-making process.

Another initiative that has won laurels is Shell India's programme to assist the community in improving access to basic health services and ensure financial stability in rural Gujarat. Shell, in partnership with the Foundation for Research in Community Health (FRCH), took up the task of training women and village health functionaries become independent in treating several ailments and consequently bring down the mortality rates. The visible result was the increase in purchasing power of women, who earn a percentage of the fee earned by their rendering of door-to-door health service and also greater sense of confidence, self-satisfaction and self-esteem among the villages. Shell's initiative is today spread over five villages where it has trained over 1,000 women health workers.

These initiatives show that to be successful, companies need public acceptance and goodwill. They need investors, workers, raw materials, markets, and consumers. They also need predictable operating environments. A normal civil society can help provide all of these necessary ingredients and in turn can benefit from the expertise and resources that companies have to offer in exchange. However, this is possible by: (a) engaging corporate resources (like financial, human and technical) in addressing social issues; (b) influence business culture and operations to make them ever more responsible and productive; and (c) build employee capacity to participate in strengthening social institutions.

A poll conducted by global PR giant Burson-Marsteller and the Prince of Wales Business Leaders Forum, targeted at different categories of opinion makers, showed that 75% of those opinion leaders agreed, and 42% agreed strongly, that corporate social responsibility will impact share prices.



What is emerging is the recognition of two broad but inter-related themes -- that the business enterprise is an institution of society; and development of excluded populations. With democratic governance on the rise throughout the world, we can expect corporations increasingly to evolve norms and practices, cultures and systems that reflect and express democratic values in model corporate institutions. Coupled with this is the fact that corporates are looking at strategically migrating from charitable relationships between *benevolent* donors and *grateful* recipients to varied alliances that create diverse benefits for both partners and value add for communities. As Sir Geoffrey Chandler of Amnesty International puts it succinctly, "Companies are the servants of society. Not the reverse."

In order to be successful, the corporate social responsibility initiatives, 76% of the decision-makers in ECHO research said, should be owned and championed at the board level. About 26% thought that there should be dedicated resources for CSR initiatives. Middle management is now seen as a key group to convince and engage with specific CSR goals. Indian corporates need to be wary and definitive about their priorities in this area. For there could be impediments from sales and marketing people who could possibly see it as a distraction from spending on the brand; while finance teams could see it as an extra spend eating into the company's overall (tangible) profits.

What we see is also increased activism and structured participation of the non-governmental organisations and their willingness to collaborate with the private sector. We have many organisations like Common Cause and the Centre for Science and Environment (CSE) to name a few, doing some commendable work and have consistently shown dedication and commitment to the cause of socially responsible citizenship. The private sector has to partner with NGOs to bring about this '*sarvodaya*' in India.

Finally, the society in which we live doesn't regard sustainability, or corporate social responsibility, as a 'nice to do' optional extra. It is now being regarded as fundamental to the kind of society in which they want to live, work and raise their children. Companies that meet those expectations can earn a boost to reputation and business. For this, actions obviously speak louder than words. Afterall, corporate social responsibility is a journey and not a destination.

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