

CSR in India

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CSR

- Definition
 - Philanthropy, ethics, stakeholder concerns, responsiveness to differentiated local environments?
- Scope
- Motives
 - Business interest and instrumental role?
 - Achieving intrinsic public good
- Wider Expectations
 - poverty, unemployment, inequality, inclusive growth
 - HIV Aids, child labour, skills, sustainable development...

Drivers of CSR

- Voluntary efforts
 - Philanthropy and ethics
- Involuntary efforts
 - International and national legislation
 - Institutions
 - Regulatory, normative, cognitive environment at various levels

Illustrative International initiatives

- ILO Tripartite declaration on MNCs and Social Policy
- OECD Guidelines (2000 version)
- ILO Decent Work, 1998
- UN Global Compact, 1999 – Triple Bottom line (people, profit and planet)
- SA 8000
- SRI
- ICC Charter for Sustainable Development
- Human Rights Principles and Responsibilities for TNCs and other Business Enterprises (UN Commission on the Promotion and Protection of Human Rights, 2002)...

Forms of CSR

- Philanthropy (Church plus) In India Trusteeship of Gandhi
- Ethics
- Employees
- Customers
- Third parties: Suppliers, Dealers, etc.
- Community Care
- Shareholders
- Sustainable Development
- Corporate Citizenship...

Harmonization of CSR in MNCs?

- Deentralized
 - No cross border management/variation
- Centralized
 - Company wide strategies)
- Globally integrated
 - Environment?

Philanthropy

- Philanthropy – In the USA and Europe it has a religious basis too
- Many large corporates began CSR as acts of philanthropy
- Recent examples in US: Warren Buffet and Bill and Melinda Gates
- Tax benefits
- Control and influence
- Trusteeship of Gandhi
- Societies and Trusts help enterprises undertake charitable and other noble causes
- Tax benefits
- Control and influence

Ethics

- Company's like Enron earning CSR awards in one year and hammered in the next year
- Profit growth higher than sales growth and employment growth inversely proportionate?
 - EUTC General Secretary's Bevan Memorial address on 14 Nov 06
- Businesses economical with truth

Employee perspective

- UN: Global Compact
- ILO: Decent work
- SA 8000
- Fair Labour Standards
- ILO Declaration on MNCs and Social Policy
- OECD Guidelines 2000
- TATA Sons
 - Welfare ahead of legislation
 - 50 years industrial harmony
 - Dorabji Tata pledged wife's jewelry to pay workers wages
- Industry Associations
 - Inclusive growth – affirmative action
- Others
 - Employment and pay equity
 - Employment and Skills training/employability
 - Responsible restructuring
 - Affirmative action

Customer

- Product quality and safety
 - Coke controversy
 - Packed food in Japan
 - Sony Battery
- Consumer Rights

Community

- Effects on community
 - Many industries pollute and cause harm to human, animal and plant life and make token contributions to preserve environment
 - Carbon credits (ITC carbon surplus)
 - Afforestation (ITC Paper Board plants more trees than it fells)
- Service to community
 - Addressing major social issues like poverty, skills, HIV Aids, Culture and Arts....
 - PURA Project in India (Provision of Urban amenities in Rural Areas)

Environment

Sustainable Development

- UNEP
- Rio Declaration
- Kyoto Protocol
- Global Compact
- Pollution Control
(several companies)
- Waste Recycling
(several companies)
- Sustainability Report
(ITC)
 - Carbon Credits
 - Tree plantation

Citizenship behaviour

- Government
 - Citizens charter
 - Right to Information
 - Bhagirdari
 - ICT improving transparency and governance in public services

CSR initiatives

- Arguments for
 - Response to stakeholder
 - Strategy to avoid regulation
 - Long term orientation
 - Makes business sense
 - Balance corporate power with responsibility
 - Ameliorate social problems caused by business
- Arguments against
 - Lowers profit
 - Imposes unequal costs
 - Imposes hidden costs

Examples of major initiatives

- Social Audit: Tatas
- Sustainability report: ITC
- SA 8000 audits by companies in domestic business without foreign companies:
NTPC
- Governance: Infosys
- Employee and Community welfare: Tatas

Some Other key initiatives

- Government
 - ICT technologies contributed to transparency in Government (IT companies in India and IBM in US investing in quality and innovation in public service delivery)
 - SA 8000 certified companies exempted from inspection
- Companies
 - Philips Software company earmarks 2.8% turnover on community care
 - Tatas spend 2% profits
 - Most public sector enterprises earmark upto 5% profits for CSR

Variations in emphasis

- US focus on labour issues
- Europe focus on Environment
- Developing countries on social issues
 - Poverty and unemployment
 - Health and safety, including HIV aids
 - Access to public goods – inclusive growth and reduction of inequalities

Issues from trade union point of view

- Most companies do not involve employees and their unions in CSR, specially on civil/human rights and trade union rights
- Companies tend to be economical with truth
- CSR is viewed as a marketing gimmick
- Some unions and employees perceive trade off between employee welfare and CSR spending