

CIB on wings



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Editorial:

Our dear readers,

Mr. Sarosh Ghandy and the entire team of CIB wishes you a very, very Happy and Prosperous New Year!!!

One of the first things we have chosen to do in this year is to christen our e-Newsletter, "**CIB on Wings**".

David Steingruber, a designer from Berlin, Germany, who attended the CIB conference in 2011, had wanted to contribute to CIB in some way. We are grateful for the cover page that he has designed.

- Ms. Neha Mukherjee



City Chapter:

We would also like to mention that some decisions that took place at the conference are taking shape in the form City Chapters in India.

City Chapters are platforms provided for like-minded people to come together to discuss matters of concern. These will be hosted by CIB team mates.

The Pune Chapter will have their first meeting on January 31, 2014, from 5 to 7pm, at the Tata Management Training Centre (TMTTC), 1 Mangaldas Road, Pune – 411001. The reference person is Mr. T.P Mukherjee and his contact details are: +91-9552626262, cib.pune.india@gmail.com.



If you are in Pune during the above date and time, you are most welcome to attend the meeting. RSVP to the city reference person of your participation so that he can prepare to welcome you.

We were privileged to hear Mrs. Anu Aga* at a session at the CIB Conference in November 2013 at Panchgani India. For some of you who could not attend the conference, here is what she spoke and for those who of you who honoured us with your presence, it could come as a pleasant refresher.

Business beyond the Bottom Line - Key Purpose for Business



In the context of the immense social challenges that we face, especially in India, it might seem that there isn't really a debate about the case for humane business. Intellectually, we might find it difficult to quarrel with today's theme of 'Business beyond the bottom line'. But many of us, even while recognizing the need for

change; continue proceeding in the way we have always been used to. Our obsession with growth or with shareholder and analyst interest often to the exclusion of many other equally important facets of national life continues. We sometimes get fixated on growth and it is necessary to remind ourselves that growth will be meaningless if it is not anchored in a set of healthy values, if it does not make the benefits available to a larger number of people - the millions who don't have any stake in the economic gains of our country.

In business circles we frequently speak of human capital. Policy planners proudly point out India's young population as our demographic dividend. Keeping aside the rhetoric, the bare facts on some of the critical social indices are there for all to see. On the Human Development Index prepared by the United Nations, as per the latest 2012 ranking, India ranks 136 among 187 countries.

When we talk about malnourishment, we think of sub-Saharan countries as having the highest numbers. While sub-Saharan Africa has 25% people malnourished, in India it is over 42%. Malnutrition is not as dramatic as

sudden death and hence is not much publicised or talked about. And yet this silent killer does far reaching damage to physical growth and brain development for infants under two years and is largely irreversible.

In education, our track record is equally dismal. Of those who attend school, 50% drop out by Class 5. Of those who stay in school, only 10% complete Class 10. On any given day, approximately 25% of Government teachers are absent and in some States this figure can be as high as 50%.

The RTE (Right to Education) Act which was enacted in 2009 has dramatically improved enrolment, but the quality of education imparted in most government and low income private schools remains pathetic. The Annual Status of Education Report (ASER) that the NGO Pratham has been preparing since 2005 based on surveys conducted in all the rural districts of India has shown that nearly 70% of school going children in the age group of 6-14 years cannot read simple text fluently or do basic arithmetic sums. The Programme for International Student Assessment (PISA) assessing levels of competence among students in schools found out that in 2012, India ranked 73 out of the 74 countries where the survey was conducted and only Kyrgyzstan was worse than India.

I recently read an article stating how ill-informed our youngsters were even though they might have achieved excellent scores in their 10th and 12th standards. One student was asked at an interview for the University, who the Prime Minister of our country was, and he replied it was not in his syllabus! If this is the level of education we are giving to our kids, it is bound to have negative effects on our society.

Let us remember that it is not mere statistics that we are looking at, and it is not about a faceless group very far from us. We are talking of the undernourished, ill-equipped and unskilled mass of young people who are to become India's workforce and who have to sustain the growth levels that we all dream about. Have we provided the avenues and basic resources to help them live a decent life, take care of their basic health and education needs so that they too can work productively, contribute to the engines of growth, and in the process create opportunities for them to improve their own lives and destinies?

It is unfortunate that after more than 60 years of gaining political independence, we still talk about malnourishment and dysfunctional schools. Ideally, on a war-footing, we should make up for lost time by rolling out nation-wide programmes to impart quality education at basic levels in both villages and towns, develop skills of young people, provide jobs and livelihoods and improve living standards. Like other major institutions of public life, business can and will have to play an important role in making them happen. If our corporate leaders and industry bodies succeed in this mission, then business will grow beyond bottom lines and become truly meaningful and gain respect from the numerous millions in India. Such a 'people-oriented' and not obsessively 'number-driven' approach will help us move towards a more humane form of capitalism that goes beyond the traditional approach which states that the business of business is only business. Socially conscious business will focus on the well-being of people.

Such an approach means going against conventional wisdom, where a company, instead of focusing exclusively on its shareholders and investors, will also be accountable to other stakeholders' viz. customers, employees, environment - community, suppliers and the government. It will realize that all its stakeholders require equal attention.

Business also needs to adopt a socially conscious approach for reasons that go beyond national boundaries. We are living in a time when there is an unprecedented crisis challenging the global eco-system. While we all want economic well-being and material progress, in the long run, we need to ask whether our so-called progress is life-affirming and sustainable. Indiscriminate growth and consumption are already damaging our eco system. If people in India and China, the fastest growing economies, start consuming like average Americans, we would need 7 more earths for the required resources. Can we afford to damage our environment, deplete our natural resources and leave behind an impoverished world? For the sake of future generations, it is the responsibility of business to minimise its negative impact on the eco-system.

Whose responsibility is it to address these and many such issues? Some corporate may argue that since they create employment and pay their taxes they have done their bit and it is for the government to take care of these problems. The primary responsibility is with the government, but the corporate world with its management skills and financial resources can be an effective and useful partner in this project. Instead of playing blame games based on distrust, can government and corporate join hands to create a win-win for the larger good?

For its own enlightened self-interest, corporate need to get involved in finding solutions to social problems, by practicing Corporate Social Responsibility beyond lip service. We have to remember that business cannot succeed in a society that fails.

Business has to grow and be profitable or else it will not sustain itself. I remember one year when we made a loss in our company, all our energies were directed inwards and corporate social responsibility took a back seat. But in the long run, growth without purpose is like cancer. It keeps growing but does not help the body.

What I am trying to convey is very well articulated in a striking paragraph which I read. It says: the business of business is to generate growth and profits or else it will die; however, if that is the sole purpose of a business, then also it should die, for it no longer has a reason for its existence. This is even more applicable to a country like India where we are surrounded by poverty and the gap between the rich and the poor is widening. It is imperative that the corporate sector with its managerial resources and financial muscle reaches out to the needy.

We should be revisiting and practicing the healthier and far more holistic concept of the triple bottom-line, where financial is only one of the yardsticks on which business performance is to be evaluated, and the other two bottom lines - social and environmental - are equally important. It is indeed significant that ever since the Indian economy opened up, the entrepreneurial spirit has been unleashed and we did achieve high levels of growth, that's if we discount the recent phase where we made a hasty retreat to the earlier days of slowdowns and dampened

enthusiasm. However this can only be a temporary phase and we can be confident that we will be back on the high growth path.

Before we again resume our growth initiatives, let's pause and pay more attention to the neglected areas. The poor and the marginalized should also have the opportunities to participate in wealth creation and its benefits should improve their lives. This is not a plea for charity, but for genuinely making the millions of deprived people, stakeholders and participants in the economic boom that we need to set in motion. On the other hand, if we bury our heads in the sand like ostriches and do not want to understand the consequences of neglecting our large majority, then we should not be surprised by the violent backlashes as it happens in the case of the Naxal⁺ movement.

The new Company's Act which asks corporate to contribute to CSR activities is recognition of this need, to broad base our developmental initiatives and to persuade companies to be participants in this effort. Now, even before CSR became popular, much before any government statute decreed that socially responsible measures be implemented companies like the Tatas have done pioneering work in this area. For example, in JRD Tata's time, several schemes like the Provident Fund benefit were begun before legislation demanded it. There have also been other examples like Wipro, Godrej, Bajaj, Birla's, and Reddy's Laboratory, to name a few companies, which have followed the Tata route of blending social contributions with economic growth. In our own modest way, the Thermax Board raised from 1% to 3% of its net profits for CSR before the new Act came up.

While welcoming more companies to contribute to the social sector and be active partners in the development initiative, I am personally not for compulsive giving induced by political pressures. The last thing our country needs is to give for the wrong reasons or to create CSR - another smoke screen behind which business can go on as usual. Of course, there will be many companies that will use CSR for brand-building. But whether this will turn into a gimmick or a public relations exercise depends on the intent of the people at the top. If corporate take up CSR to gain respectability, publicity or to look good, there will be one set of

consequences and if they take it up because they believe in it and are passionate about it, they will give their best. Then, we can expect corporate to play a legitimate role as partners, where business can help in social transformation.



Ajit Lele, CEO, Mahindra Ugines Steel Co. Ltd, Pune looks on as Ms. Anu Aga speaks

I would like to end with a story which made a lot of sense to me. Lord Shiva was walking in the forest with his wife Parvati. Seeing an elephant trampling over thousands of little ants and insects that came in its walking path, Parvati grew very angry and sad. She kept pleading with her husband to stop the elephant from being so cruel, but Shiva ignored her pleas. Thoroughly upset, when she once again complained, Shiva stopped and said "I am not at all angry with the elephant; he is looking straight ahead and not realizing the havoc he is creating. But you are aware of what is going on and instead of trying to save a few creatures you are either blaming the elephant or expecting me to intervene".

How will history judge the corporate world when we know what the problems are, and instead of doing our little bit keep blaming the government and everyone around for their inaction?

** Mrs. Anu Aga (born 1942) is an Indian businesswoman and social worker, who led Thermax Ltd., the 32.46 billion (US\$500 million) energy and environment engineering business, as its chairperson 1996–2004. She had figured among the eight richest Indian women, and in 2007 was part of 40 Richest Indians by net worth according to Forbes magazine.*

After stepping down as the Chairperson of Thermax Ltd., she took to social work, and in 2010 she was awarded the Padma Shri for Social Work by the Government of India. She is currently Chairperson of Teach for India. She was nominated to Rajya Sabha, the Upper House of Indian Parliament on 26 April 2012, by the then President Mrs. Pratibha Patil. Mrs. Aga continues to be a Director on the Board of Thermax Ltd.

⁺Naxalites are a group of far-left radical communists. In recent years, it has spread from its centre in West Bengal into less developed areas of rural central and eastern India through the activities of underground groups. The Naxalite insurgency is an ongoing conflict between the Naxals and the Indian government.

When Seeds of Integrity are Sown in Youth

- A visit to a Mumbai School

Why does an industrialist fly hundreds of kilometers and spend a few hours with students? Let's read on to find out the impact on simple first generation learners (14/15 year old) who are celebrating their academic year 2013-14 as the year of Leadership.

Sarosh Ghandy made a one-day visit to Kamla School in Mumbai on December 14, 2013 and spoke to two groups of students and a group of teachers in separate sessions on Ethical Leadership. Below are a few stirring comments that were given as feedback by the students.

Annu Singh: I learnt that a good leader should have the quality of responsibility. If you are not responsible you can't lead the team.

Bhaskar Bhoumik: I learnt that a leader has the humility to learn from others and try new things. He is not afraid of failure because he knows that he can learn from his errors.

Samina Rai: I learnt the attributes of leadership - vision, passion, integrity and credibility.

Nasreen Halden: I learnt that there has been tremendous growth in the last 300 years - Technology in Industry, Transportation, Digitalization, Medical Science, etc. I also learnt that diseases which were unknown 100 years ago are our greatest killers today.

Jhanvi Khanna: It was a very inspiring, motivating and helpful session. I learnt about the environment I live in and the meaning of leadership and how to manage it. Leadership is about giving not taking.

Karishma Pal: I learnt that a leader must have the quality of generosity and continue with quiet time all his life.

Aswani Sarang: Leadership has two attributes - vision and passion. Vision means a clear idea of the goal to be achieved. One has to have the passion to achieve it.

Bhagyashree Saroj: I learnt that leadership is all about motivating and influencing people.

Quarterly CIB e-Magazine

We are happy to announce the introduction of another publication that we hope to launch on the Indian Republic Day, January 26, 2014. This publication would have the following features:

- It would contain short inspiring stories of business enterprises that have brought about a difference in their functioning by adopting good, ethical business practices while still remaining competitive.
- It would be published every quarter.
- It would be circulated as an e-publication by email.

To help provide clarity between the two publications, the monthly CIB on Wings would continue as an e-Newsletter with the focus on keeping you updated on the happenings in CIB.

We trust you will find these inputs useful and encouraging.

If however, you do not wish to receive these publications, please feel free to write to us at cib.ap.india@gmail.com and we would unsubscribe you from our mailing list. We take your personal privacy seriously.