

Global survey finds good CSR makes good business sense

British businesses reacting to stakeholders' demands

A survey of 2,500 businesses in 34 economies finds that businesses are being driven towards more socially and environmentally sustainable practices not simply by brand building or altruism, but because it makes good financial sense. The research, from Grant Thornton's International Business Report (IBR) also shows that an increasing number of companies report on sustainability while a majority now view integrated reporting as best practice.

The report (Corporate social responsibility: Beyond financials) reveals that the top driver towards more sustainable business practices globally is cost management, cited by two thirds of respondents (67%), up from 56% in 2011. It is a particularly dominant driver in Latin America (77%, up from 68% in 2011) and North America (76%, up from 45%). The second biggest driver is client/consumer demand (64%), followed by because it is the 'right thing to do' (62%).

In the UK, businesses cited client/consumer demand (62%) as the main driver behind their CSR efforts, followed by recruitment/staff retention (49%) and cost management (48%).

Jane Stevensen, Director of Sustainability at Grant Thornton UK LLP, commented: "The research shows that across the world, CSR and broader business objectives are becoming more aligned. The findings suggest that the benefits of adopting more environmentally and socially sustainable business practices are becoming ever more tangible, for example through tax relief on charitable activity or lower energy bills due to efficiency measures introduced.

Companies which gain while the local population or environment loses can quickly find demand for their products or services eroding.



"Despite the overall recognition of cost benefits, it's interesting to see that British businesses seem far more reactive in their approach to CSR and are largely responding to stakeholders' needs.

"Beyond the immediate cost benefits, strong social and environmental credentials can create customer loyalty and enhance reputations, which has become increasingly important with the rise of social media. We live in an increasingly digital world characterised by instant customer feedback, so businesses need to be mindful not just of what they are doing, but of how they are doing it. Companies which gain while the local population or environment loses can quickly find demand for their products or services eroding."

According to the IBR, the number one CSR initiative implemented over the last 12 months is donating to community causes/charities, cited by 68% of business leaders globally (80% in the UK). Two thirds (65%) said they had participated in community/charity activities (73% in the UK), while 65% also said they had improved their energy efficiency or waste management (75% in the UK).

Stevensen added: "For business leaders, commercial drivers can no longer be viewed as separate from social or environmental ones. During the lean times of the global financial crisis, cutting costs became the norm – but improving energy efficiency or sourcing local products also makes financial sense when economies are

growing. In an ever more crowded and competitive marketplace, we're seeing businesses use CSR to differentiate themselves and unlock new potential for growth."

Sustainability reporting on the rise

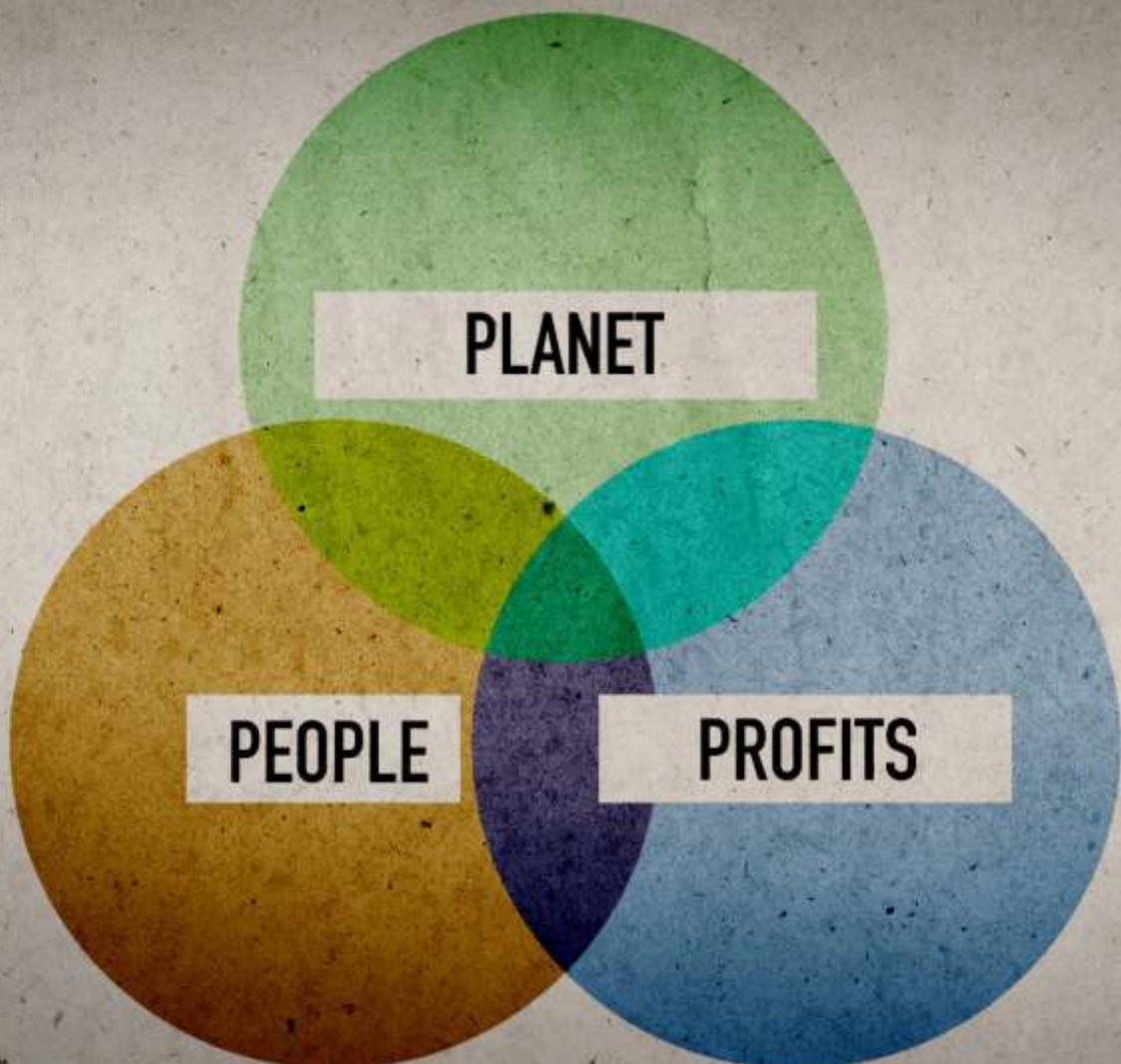
According to the research from Grant Thornton, at present just under one third (31%) firms globally report on sustainability initiatives, either combined with financial reports or separately. In the UK, only one quarter (24%) of businesses stated they report on sustainable initiatives. However, a further quarter (26%) of international businesses plan to begin reporting externally on sustainability matters in the next five years (31% in the UK). Overall, 57% globally agree that reporting on non-financial matters, such as sustainability, should be combined with financial

reporting, whereas in the UK, only 46% agreed.

Stevensen concludes: "Effective reporting and more integrated thinking can play an important role in encouraging businesses to demonstrate how they are performing not just financially, but also within the wider social, environmental and economic context. Not only does it offer businesses a more robust assessment of the strength of their operating model but it also better informs the decisions of key stakeholders and investors."

Credits: This article appeared in the Grant Thornton on August 20, 2014

<http://www.grant-thornton.co.uk/en/Media-Centre/News/2014/Global-survey-finds-good-CSR-makes-good-business-sense-British-businesses-reacting-to-stakeholders-demands/>



Corporate Social Responsibility's Seven Best Practices

A look at the seven best practices in corporate social responsibility (CSR). They include: setting measurable goals, stakeholder engagement, sustainability issues mapping, sustainability management systems (SMS), lifecycle assessment, sustainability/CSR reporting, and sustainability branding.

In today's competitive market, companies that incorporate social and green policies can leave a lasting impression on the consumer. As Sofia Ribeiro pointed out in her post *Using Community Involvement as Part of Your Green Marketing and CSR Strategy*, a Cone Inc. survey revealed that 83% of people will trust a company more if it is socially/environmentally responsible. With this in mind, how do companies go about communicating their best initiatives?

Recently, Perry Goldschein took the podium at Sustainable Brands 2010 to talk about the seven best practices of corporate social responsibility (CSR). As the founding partner of SDialogue LLC, a strategic sustainability communications firm, Perry provided insights on how to engage your consumers and stakeholders. Follow this recap with CSR's Seven Best Practices to learn how to put your organization's best social and environmental practices in the spotlight:

1) **Set Measurable Goals:**

Return on investment has always been a difficult thing to measure. In order to accomplish this in your CSR policy, Goldschein suggests implementing small changes close to home, such as

Develop a framework to ensure that environmental, social, and economic concerns are considered in tandem throughout your organization's decision-making processes.

improving employee policies that decrease turnover and improve recruitment. Simple steps, like minimizing waste and resource use are changes that can be developed into a memorable story about how sustainability efforts support your company's overall corporate strategy.

2) **Stakeholder Engagement:**

Leaving their stakeholders out of the loop is one of the top mistakes companies make when trying to jump on the green/socially responsible bandwagon. In order for your company to articulate its values, missions, strategy, and implementation in the creation of your CSR plan, it is important for everyone to be on the same page. Stakeholders can help by partaking in the regulatory approvals process, improving relationships proactively, or solving CSR roadblocks and potential crises. Include your stakeholders from the start of the consultation process and sidestep moving forward with developments in which they would otherwise have little influence over or information about.

3) **Sustainability Issues Mapping:**

This approach uses interactive maps to help prioritize and narrow down key issues, saving your company time and money during the initial research stage. For instance, Sir Geoffrey Chandler, founder and chair of Amnesty International UK, praises sustainability issues mapping as “a most stimulating approach. It brings together things which ought to go together, but too frequently don't.”

4) **Sustainability Management Systems:**

Develop a framework to ensure that environmental, social, and economic concerns are considered in tandem throughout your organization's decision-making processes. Start by identifying and prioritizing sustainability aspects

and impacts. Take it one step further by looking at legal requirements related to these impacts and evaluate your company's current compliance. Collaborating with an environmental consultant can help during this process. Next, outline your company's goals and objectives. Finally, educate and train your employees on using the SMS, and also periodically run audits to ensure that it's carried out in the most effective manner possible.

5) **Lifecycle Assessment:**

Product design is critical. Gone are the days where the immediate product the only thing that matters, without any given thought to its afterlife. A cradle-to-cradle approach exhibits your company's creativity and innovation and can, consequently, improve your bottom line. Whether it's re-using your product or designing it in a manner that will keep it out of the landfill, build customer rapport and brand loyalty by taking the pressure off the disposal process for your products.

Incorporating social responsibility hand-in-hand with sustainable practices will ensure that your company remains competitive in today's consumer-savvy market.

6) **Sustainability/CSR Reporting:**

CSR reporting has increased in popularity over the past few years, due to increasing government regulations as well as self-regulation by forward-thinking companies. It's important that your consumer base has easy access to your latest and greatest efforts, in a way that doesn't minimize what you're doing. A simple and environmentally-friendly way to do this is to post your CSR reports on your website, in an easy to download PDF file or other accessible format. This is another area to ask for feedback from your number one fans: your stakeholders.



7) **Sustainability Branding:**

Transparency is key in sustainability branding. For example, Clorox Green Works, when endorsed by the Sierra Club, was able to capture 42% of the market share in their first year! The market for natural cleaning products has since increased, paving the way for smaller brands like Seventh Generation and Method to reach to a broader customer base.

However, be careful to avoid greenwashing and implement the entire CSR seven best practices I've described above. McDonald's made this mistake when it attempted to change the background of its logo from red to green in order to appeal to European customers. McDonald's quick leap to the final CSR step was implemented while still relying on a variety of unsustainable practices and suppliers. Transparency builds trust, while greenwashing will alienate your consumer base.

Incorporating social responsibility hand-in-hand with sustainable practices will ensure that your company remains competitive in today's consumer-savvy market. Don't wait to get the word out on how your organization is doing its part! ■

Cecilia Lu, Founder and Co-owner of Kiwano Marketing

Credits: This article appeared in The Green Economy Post <http://greeneconomypost.com/csr-best=practices-11001.htm>

Corporate Social Responsibility as per New Indian Companies Act 2013

Corporate Social Responsibility (CSR), a term widely used for defining the responsibilities of Corporate world towards the society & environment. Although the term is not new in this Corporate world but its scope & meaning has undergone major changes from treating it as a mere charity in comparison with the responsibilities/duties of the Corporate towards the outer world.

There are many big entities who have been actively engaged in the CSR activities but unfortunately the number is relatively less. In order to encourage more entities to participate in the process of development of the society via- CSR, the Government of India has actually implemented the concept of CSR in the new Companies Act 2013, On 27th February, 2014, the Government of India has notified the rules for CSR spending u/s 135 of the New Companies Act 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 effective from 1st April 2014. Turning the CSR from voluntary activities to the mandated responsibilities, also governed by the bundle of regulations as follows:

Eligibility Criteria:

Company (includes foreign company with branches or project in India) having:

- Minimum net worth of rupees 500 Crore.
- Turnover up to "1000 Crore"
- having a net profit of at least '5crore'.

during any financial year, are covered by this provision.

Composition of CSR Committee

The Company should constitute a Corporate Social Responsibility Committee as follows:

1. The Committee shall consist of minimum 3 (three) including 1 (one) Independent Director, however in case of Private Company or the

Company, which is not required to appoint Independent Director on board, or Foreign Company the committee can be formulated with (2) two directors.

2. The CSR Policy shall be formulated in accordance with Schedule VII and the CSR Committee will be responsible for framing the policy, finalizing the amount to be spent on CSR, monitoring & implementation of the Scheme.

3. If Company ceases to fulfill the eligibility criteria for three consecutive years, then the company is not required to comply until the company will meet the eligibility criteria once again.

The CSR Rules provides the manner in which CSR committee shall formulate, monitor the policy and manner of understanding for CSR activities.

Under the rules, the Government has also fixed a threshold limit of 2% of the "Average' Net Profits of the block of previous three years on CSR activities and if Company fails to spend such amount, disclosures are to be made for the same. But an exemption has been given to the Companies that do not satisfy the above threshold for three consecutive years.

Brief on CSR Activities as prescribed under Schedule VII of CA, 2013

1. Objective to efface the daily life segments including poverty, malnutrition and hunger while enhancing the standard of living and promoting the facets of better health care and sanitation.

2. Initiative to promote the different segments of education including special education and programs to enhance the vocation skills for all ages like children, women, elderly and conducting other livelihood enhancement projects.

3. Aim to bring the uniformity in respect of different sections of the society to promote gender

The below activities doesn't include under the CSR activities of the Company.

1. Business run in the normal course.
2. Outside the territory of the India or abroad.
3. For the welfare of the employees and their families.
4. Political party contribution of any amount directly and indirectly as defined u/s 182 of the Act.

The above CSR activities shall be undertaken by the Company, as per its stated CSR policy, in consonance with the new or ongoing projects excluding activities undertaken in pursuance of its normal course of business. The Board of Directors may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society.

CSR term has been revaluated with an aim to embrace responsibility for the Company's actions and encourage a positive impact through its activities on the environment, consumers, conscience, corporate citizenship, social performance, employees, communities and all stakeholders.

In short, CSR can also be termed as Corporate Organizations to behave responsibly.

Yearly Compliances:

1. The Annual Report of the Company shall include a comprehensive Report on CSR in the format as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, containing particulars on Overview of CSR Policy, Composition of the Committee, Avg. Net Profit, prescribed expenditure and details of its spending, reason in case of failure etc.
2. The disclosure on CSR in Board Report should also be available on the Company's Website.
3. The activities included in the CSR Policy and the prescribed expenditure being undertaken/spent shall be ensured by the Board, in the

respective manner.

This means all the Companies falling in the aforesaid criteria needs to ensure CSR compliance but it is debatable to say that the same is for welfare of the society or the companies are doing it just to avoid penalties. CSR stands to support the Company's Vision as well as directions to what Organization stands for and will sustain its clients. An ISO 26000 is the accepted worldwide standard for Corporate Social Responsibility (CSR).

CSR term has been revaluated with an aim to embrace responsibility for the Company's actions and encourage a positive impact through its activities on the environment, consumers, conscience, corporate citizenship, social performance, employees, communities and all stakeholders.

In short, CSR can also be termed as Corporate Organizations to behave responsibly.

The content of this article is intended to provide a general guide to the subject matter. Specialist advice should be sought about your specific circumstances. ■

Credits: This article appeared in the Mondaq on March 25, 2014
<<http://www.mondaq.com/india/x/302204/Corporate+Commercial+Law/Corporate+Social+Responsibility+Now+A+Mandated+Responsibility>>



India's new CSR law – Rules Explained

Interview with Dr. Bhaskar Chatterjee, CEO and Director General - Indian Institute of Corporate Affairs

In the aftermath of the new CSR rules released by the Ministry of Corporate Affairs, many questions concerning the premise, objective and implementation of the act arose from corporates across sectors. As a part of the series of conferences and roundtables being organized across the country to address these questions, NextGen[a management consultancy entity] hosted an IT sector roundtable in association with NASSCOM at Mindtree Global Village, Bangalore on the 4th of October, 2013. The conference was presided by the Director General and CEO of Indian Institute of Corporate Affairs, Dr. Bhaskar Chatterjee. Sustainability heads from various IT companies were present at the conference and were briefed about the implementation of the Section 135 of Companies Act 2013. Below are excerpts from an interview with Dr. Chatterjee who led the framing of the rules.



1. Section 135 is viewed globally as the world's largest and most ambitious CSR experiment. What is the history, philosophy and objective of the revolutionary Section 135 of the Companies Act, 2013?

Dr. Chatterjee: Section 135 has evolved over a period of time through much debate, discussion and consultation between all stakeholders – Corporates, Government, Parliamentarians, Civil Society, NGOs etc. It embodies the essence of what the development sector in this country really needs today – active involvement of corporate India in

nation building. Corporates have excelled in the last two decades in generating much wealth and prosperity. Ironically, much of this growth has been skewed in favour of a few, while the vast majority has been left behind. Section 135 provides us all a historical opportunity to set this right by catalyzing a process of national regeneration wherein corporate India can work hand in hand with the government and civil society to bring

about sustainable development. If implemented in true letter and spirit, the Act has the potential to be a game changer for our country.

2. What is the role of IICA in driving Section 135? What are the initiatives planned by IICA?

Dr. Chatterjee: The IICA lies at the fulcrum of the monumental change that is now unfolding. As a think tank and the action research arm of the Ministry of Corporate Affairs (MCA), it will have a seminal role to play in ensuring that the potential and opportunity that the new law provides does not go wasted. It not only has to facilitate effective delivery and implementation of the new law, but also has to battle and win over the skeptics who are ever eager to belittle its potentialities that lie latent within the text of the new legislation.

The IICA is planning a series of activities and initiatives to fulfill its mandate. Some of these include – developing a National NGO hub; setting up a data and collaborative projects CSR Portal; taking up CSR trainings and consultancies, developing a Sustainability center, creating a Global gateway for CSR in India; conducting awareness workshops, conferences and seminars

nation-wide; developing partnerships with chambers of industry, academic institutions and corporates that can give impetus to the implementation of its mandate; etc.

3. What learning was derived from the implementation of CSR in the PSUs (government-owned corporations)?

Dr. Chatterjee: In many ways, the DPE [Department of Public Enterprises- Govt. of India] Guidelines of 2010 served as a precursor to the formulation of Section 135. An important learning attained from implementing these Guidelines was that peoples' participation in the development process is crucial for it to be sustainable, and therefore, policy formulation must suitably incorporate this dynamics.

4. It is estimated that USD 3 billion dollars of CSR capital will be generated annually? How can we use it effectively?

Dr. Chatterjee: CSR spending will be directly linked to the CSR Policy of a company. It is therefore imperative that there is appropriate orientation of the CSR Committee of the Board that develops the CSR Policy. Once the Policy is in place, its implementation, monitoring and evaluation would be critical to ensure that every rupee that is spent actually counts. Each company would need to do all these with great responsibility and diligence. In the end, publishing of CSR work in the public domain, over a period of time, would act as a deterrent to inefficient use of funds.

5. Tell us more about Schedule VII. Doesn't it make the process very restrictive?

Dr. Chatterjee: Schedule VII provides an indicative list of activities that a company may take up as part of its CSR. It was uploaded along with the CSR Rules on the MCA website in September – October 2013 to elicit public feedback. This Schedule can be amended by the government and need not go back to Parliament for any change. Let us wait and see what the feedbacks are. If required, the government can suitably amend it.

6. How will the government audit the CSR projects? Who will tell whether a particular project is a qualified CSR activity? And How?

Dr. Chatterjee: The government does not intend to audit CSR projects. That would be micro-management and counter-productive. Corporates would need to assess and audit their own projects. This could even be done through qualified third parties appointed by the company. The CSR Policy of a company will be the ultimate arbiter in defining what a permissible CSR activity is. This Policy would need to be accurately aligned to the CSR Rules and Schedule VII that are finally decided by the MCA. All these would need to be in sync with the letter and spirit of Section 135. I would even venture to say that eventually the people, media and civil society of this country will judge if an activity is genuine CSR.

I see exciting times ahead. We have created history by enacting this progressive legislation. But this is just the beginning. The real challenge lies ahead – how to ensure that we make this law work for our nation's growth and development.

7. You were the driving force behind Section 135 right since its inception. What do you think is the road ahead and how do you think this will evolve over time? What is your long term vision of Section 135?

Dr. Chatterjee: I see exciting times ahead. We have created history by enacting this progressive legislation. But this is just the beginning. The real challenge lies ahead – how to ensure that we make this law work for our nation's growth and development. As the implementation begins, we will be diligently monitoring the dynamics at the macro level. The CSR Rules are not cast in stone and these may need to be modified based on feedback. Long term, I feel Section 135 will continue to provide a broad framework within which CSR Rules would slowly evolve till they acquire a level of stability. This dynamics is likely

to take 4-5 years.

8. What do you think are the major challenges that we will face in implementing the Section 135?

Dr. Chatterjee: Implementation of the new legislation would pump crores of rupees into the development sector. Ensuring that these funds are optimally utilized, I feel, will be a big challenge. Inability of companies to spend as per the 2% criteria is another area that would require quick ramping up of CSR delivery bandwidths. CSR training across all levels is another mammoth task that would need to be taken up at a fast pace. Identifying credible NGOs that have the capacity to deliver effectively at scale, is also a daunting task.

9. Section 135 has made CSR very fashionable in attracting high quality talent. What is your opinion on this? Will this give rise to Social

Entrepreneurs?

Dr. Chatterjee: CSR is the new buzz in the job market. It will no longer be a backroom activity in corporate India. Companies will have to hire the brightest and most outstanding talent to drive their CSR initiatives since this will now begin to also impact their bottom lines. Yes, Social Entrepreneurs will definitely get a lot of encouragement as substantial CSR funds may soon begin to come their way. They will need to develop effective and viable Social Business Projects to seek CSR funding from companies that are keen to participate in this domain. ■

(Interviewed by Abhinav Prakash)

Courtesy :Forbes India ,04 Dec.,2013

Read more: <http://forbesindia.com/blog/the-good-company/new-csr-rules-explained/#ixzz2oP3RLJ8E>



Resonance in the Indian and Japanese CSR Systems

Here are a few broad concepts and themes that seem to be in common between the two CSR systems. Participants are encouraged to use the above as far as possible the 5 points more as a mental model to express their examples and experiences so that we could capture a crisp set of recommendations of the way forward.

1. CSR is about Commitment more than Compliance: At the CIB we believe in the importance on Business taking the initiatives of change. It is therefore obvious that CSR is and should be fundamentally initiative-driven. This way a company is in a mode of anticipation and proaction. The focus is on prevention rather than cure of sorts. There is readiness to adopt national and international voluntary guidelines on various concerns. Wherever CSR is mandated, CIB encourages companies to go beyond compliance and innovate opportunities to serve the underprivileged.

2. CSR is integral to Business: The ultimate purpose of Business is to enhance human well-being through various engagement-processes with stakeholders. So, Business as a whole is first and foremost fair in all its dealings and shares value with all concerned engaged in the business. Finally, from the Profits (earned through these fair means), Business shares more value through dedicated “CSR” programs with the larger community as well.

3. CSR is about Business response: Similar to responsibilities and obligations of the government, institutions of law and justice, the media, social sectors and all others, Business too has its exclusive responsibilities. The C of CSR comes into focus! In order to cover economic, social and environmental risks, business has the humongous possibility to imaginatively use its core-competence –

technology, expertise, organising capacity, systems and so on - to make a significant difference. Examples are - Volunteering, Vocational Training & Skill Development and other Innovations to reach the base of the pyramid. This is aligned with CIB's aim to make Business as a force for good.

4. Beyond Human Rights to Human Value: The concept of Human Rights emerged from various forms of activism and protest from western pressure-groups. These were external reminders for business to behave better with employees. In recent years though, this has mellowed into the co-creation of voluntary-standards through a global multi-sectorial consensus across our communities. Although we still have a long journey to travel these Standards are globally validated tools in order to help us internalise our locus of control. Initiative-based human engagement at the workplace is critical to deepening of human Values into practice. Many oriental companies like those in here and in Japan have done this for years and even centuries. They have developed a work-culture based on human values – tolerance, understanding, ethics of giving, and pursuit of excellence, discipline, real care and all that comes with a real human touch! Let us transform human rights into human values!!

5. CSR as an instrument of Co-creating Value: Business has come to be recognised for its power to create and manage new technology, systems and to innovate work opportunities and co-create Value and to enhance well-being. This aperture is wide that one which needs a framework or business-model to capture the staggering diversity.

The following are some levers identified to simplify our conversation in the Confluence:

a. Ownership & Governance: Edmund Burke said: “Since the discovery or invention of the fire

and the wheel, mankind's greatest find is central banking"! If that is true, then Value could perhaps be the fourth big step forward in the ascent of man. Who is the real Owner of Wealth that Business co-creates? There are good stories from family-owned businesses. There are even better stories, though very few, told by private Businesses that are largely owned by a trust, foundation and so on. The important question really is: Why has Business not innovated new structures and systems of Ownership? In Japan and India there is evidence of family-owned enterprises that have shown greater amounts of relational and lesser transactional modes of behaviour with stakeholders. In India the concept of Public enterprise for long had a fundamental premise of being relational first and then transactional.

As the saying goes, "The pleasure of earning lies in its distribution!" Firstly, how far can the Governance processes ensure a fair distribution of value? Why 6 million people go without livelihoods when a few businessmen own wealth more than the GDP of many nations? CIB is concerned about Business governance on the issue of distributive justice! Secondly, what innovation could be possible to ensure consensus and unanimity of decision making? Generally, by governance we only mean board or senior management functions. Are there some specific examples and practices where participatory governance happens through a CSR process called stakeholder-engagement?

b. Leadership & Future Talent: Much before

the concept of CSR evolved, business was founded on the basis that betterment of people is the reason for the creation of an enterprise. Since generation of wealth and its wise distribution is a balancing act, Leadership was endowed with the onerous task of playing a fair custodian. The bandwidth of leadership-personality included competence to create ideas, build enterprise around them and to make profit. Leadership was also known for sensitivities, ability to really care and to see that wealth was created in a fair and ethical manner to be distributed and reinvested wisely. True to the CIB spirit, Leadership was usually by example rather than by prescription. So, building future-talent was about inculcating values through all forms of business activity, and went far beyond in the service of the community, the nation and humanity at large. Innovations to fight diseases are examples. In India, the idea of Gratitude is unique.

c. Systems & Behaviour: Business is well-known for work processes, systems and methods. However, Asian communities may have a unique contribution to make by way of the importance also given to behaviour and the culture of actually living of intent. The CIB context of taking the initiative from inner conviction indeed resonates with creating and managing that kind of virtuous circle of influence. This way Businesses can create and sustain culture and ethic of Value generation and fair distribution, from which processes and systems evolve, rather than the other way round. ■



CSR is Integral to Good Business Principles

Haruo Funabashi, a Law graduate from University of Tokyo, served the government for over three decades; and, as visiting faculty to the Hitotsubashi University in Tokyo, he researched and authored a Japanese book summarising case studies on some 20 000 Japanese companies that have grown over a hundred years. Many of them are between three to hundred years and one is fourteen hundred years!! Funabashi visited Panchgani, India in 2007 through the Initiatives of Change CIB - CRT Japan. Based on the above, Anant G Nadkarni of the Tata Council for Community Initiatives and the Tata McGraw-Hill published a book on some key stories of this research known as "Timeless Ventures", in 2009. The objective of the book was to bring out how the Tata group in particular and Japanese companies had integrated CSR and Sustainability with their business principles. The common aim was to put all people concerned with the business in the centre stage of its growth. So, this book presents a 'living history' of business and on CSR and Sustainability for both, leaders and managers. Sarosh Ghandy who leads Caux Initiatives for Business (CIB) has kindly written the foreword.

The Context: The 2014 CIB Confluence focuses on CSR. However, we all agree that business cannot run separately as usual and exploit its people and then legitimise it by doing some CSR on the side! Funabashi quotes the Japanese and Indian philosophies on our common belief in co-prosperity as the foundations for building institutions like business. There are references to the influence of Buddhism and social values such as empathy, tolerance, understanding and real care. In this note, the social and environmental dimensions are emphasised more and the reference to business is only to their points of integration.

The Principles: Considerable work is done in this book to bring out the business dimensions and the systemic areas for work, as the original records are amply evident and through detailed anecdotal accounts. I have visited some of these companies located in three cities in Japan to actually experience and see material preserved over the

centuries.

1. Leadership Driven by Values: Sound leadership and its influence on governing an enterprise clearly shows that they are family owned and values have the highest place. The style of leadership is motivational where all stakeholders are encouraged to make choices about business process. The central values are treating people well and trusting them. Leadership encourages employees and others to put precepts into practice with responsibility. For six hundred years and over, vision mission and other purpose related documents are reverently maintained!
2. Long-term Viewpoint for Sustained Growth: Business has to think long-term and include long-term needs of all those associated. Farsighted aspirations and vision has to become their purpose in order to be sustainable. Employees are trained continuously and their socio-economic needs are met as part of duty. While quality of raw materials is inspected carefully, long term needs of suppliers are looked into to help them invest on an on-going basis.
3. Customer is Highly Respected: Problems of customers are attended with utmost care and are requested to say how the business ought to constantly improve. Customers can protest about price or whenever better quality is offered by competitors.
4. People are important, and so is Merit: While the life-time employment guarantee is a consistent given, responsibility taken by employees and the acceptance of merit are a two-way exchange for sustainability. There is much evidence of the help provided by companies to employees. There is also equal or more evidence as to how employees give back to employers. The rule of law or Rules of a company have little to do with so much evidence in self-imposed behaviour.
5. Social Responsibility & Nation Building: All companies have a clear understanding that they exist for social good and for the nation. The needs of society are known through customers, institutions for underprivileged, government

authority; and proper programs translate intent into practice. While this is not mandated so far, employees and business associates pitch in money and kind. The focus is on health, education, socio-economic well-being.

6. Continuous Innovation & Improvement: Although this is a more of core-business practice, there is evidence of constant improvement in content and scale in social outreach. Traditional businesses engaged in manufacture of war equipment and the famous samurai swords and so on diversified into housing and home-related artefacts. In one case using their knowledge of metallurgy they have perfected the art of wind chimes of a world class! Passion for quality is all pervasive.

7. Frugality & Efficient Use of Natural Resource: Frugality is a social and individual virtue. Any wasteful consumption is noticed and corrected. Businesses proactively engage experts to restore biodiversity and ecological balances. At a personal level, they respect simplicity and frugality and deplore high consumption. Philosopher Ishida Baigan says, "I underline frugality in life, not because we can become rich by it, but because we can also go the honest way".

8. Institutionalise Good Practice & Legacy: One of the most significant principles is the importance given to institutionalisation. This is surprising even as most companies are family-owned. On one side there are well documented and preserved set of laws, rules and formal direction from time to time. But, interestingly, leadership takes efforts to consult people concerned and draw consensus that these would be followed. Society at large is consulted by different levels of conversation on these matters and allowed to correct process and behaviour. So, a typical company has systemic footprint as also and more importantly personality legacies of leaders!!

Beyond the Principles: There is a convergence among Japanese and Indian experiences in running institutions that the formal forms of rules, notifications, orders, norms are for convenient institutional-memory of one kind. But don't institutions run mostly on behaviour and practice on the ground? So they believe in Rules and Norms (Niti) like all of us. But there is an unstated element which is more of actual behaviour, initiative or practice (Niyat) emanating out of one's belief and

conviction. In the CIB context where, personal conviction and initiatives count, behaviour and practice or Niyat have greater convergence. Funabashi has thrown more light on this when he discussed this with Mr. K. A Chaukar, then Chairman of the Tata Council for Community Initiatives, with me and Mark Goyder, when he recently wrote "Living Tomorrow's Company" in 2013. The question is about actually living something in an enduring manner for decades or centuries. In that context, Funabashi reveals that there are a few things in the 'belief system' of business that make CSR more meaningful:

1. Freedom from Greed: One ought to believe in moderation of Profits. Everyone will tell you that Profits are necessary, but no one will tell you what moderate Profit is. One has to figure that out (taking the help of the inner voice perhaps)!

2. Perfection, not Scale is the aim: Business focuses on perfecting its products and services. It is developmental rather than numerical growth. So quarterly results is not a good practice here!

3. Personal Values matter: Frugality for instance results from personal values about sharing, among the poor. Extravagance in life style comes from lack of that conviction. Managers and staff are judged by their behaviour akin to their personal values and depth of their conviction. This is very interesting because it is tacit.

4. Universe is one indivisible whole: This converges with our Indian spirituality. In practice it manifests as the belief that we must never manipulate the system. Never bribe or take a bribe. Can this be taught in a class room or can we develop process sheets for these deliverables? The ability to apply profound value to work is incredible.

5. Moderate consumption of resources: Should a law maker or a Standards body show how to close a running tap of water!/? The idea of appropriate or (yukta in Sanskrit or logaan in Swedish) has to be understood by observation and personal values.

CSR when practiced out of an initiative or by choice is far superior to that which is done for the sake of law or because the poor have to remind. CSR may be a separate activity in some cases, but whether business has the enablers or not will make all the difference. ■

Contact: anantg.nadkarni@gmail.com Mobile 0091-0928026279

Project ASHA

A small hamlet in India's Western Ghats mountain range has taken the first step toward integrated, self-sustaining development. The village's achievements offer hope for thousands of other off-grid people around the world who have no access to health, education, water, or electricity facilities.

When you do good, you will find people around you who will try hard to pull you down. Gain strength from this opposition, and continue on your chosen path. They will come round when they see you succeed," says the 'thought of the day' in Marathi — a language spoken in the Indian state of

Maharashtra — on a notice board of Amle's only school.

Amle is 130 kilometers north of Mumbai. It is surrounded by a thick forest on three sides and a river on the fourth. It has 58 huts and 295 residents. The nearest town with a semblance of civilization is Wada, at a distance of 27 kilometers. It is — for those heading for Amle — the last outpost of phone connectivity. The entire stretch between the two towns is also devoid of streetlights.

Amle is one among the thousands of blink-and-you-miss-it hamlets that dot the length and breadth of India. During the monsoons, the only



way to enter Amle is by wading through the river Gargai, which separates it from the rest of the world. On stormy days, it is impossible for anyone to cross it. In other words, the town is cut off from civilization.

Durga Bai, a wizened lady, who says she is 60 or 70 years old, has seen it all. Her hut is one of the larger structures in Amle. It is propped up by wooden beams. “When someone falls ill, we have two options — a primary healthcare centre and a rural hospital. Both are 20 kilometers away. We require able-bodied men to carry the sick on their shoulders,” she trails off. Her thoughts turn to the many fatalities that the villagers have faced due to lack of medical aid. Most recently, in June three villagers died due to lack of prompt medical help.

“Water-borne diseases and ailments related to malnutrition are rampant in Amle. Add to this, social ills like illiteracy, alcoholism and child marriages and you can see that it is far from being a model village,” says Shraddha Shingarpure of Aroehan, an award-winning NGO. The latter has not only introduced Siemens to Amle, but has also entered into a partnership with the company to bring about social transformation. Durga's grandchildren are among the 29 students of Amle's school, a run-down shed-like structure of around 100 square feet. The school sees many dropouts — at present, only 30 adult males (out of 140) and ten females (out of 155) have finished school. A boarding school about five kilometers away offers the only alternative for students who wish to continue studying. Dilip Vare, the head of the village development committee, is the only one who has studied there.

Adopting a Village

For decades, Durga's day would start at 6:00 in the morning. She and her late husband would leave their children home and make their way to a farm just outside their village. They would be back home by 7 p.m. just as darkness set in. Droughts were common, as were the long treks for drinking water during the summers that left the village arid. On

moonless or cloudy nights, the only sources of light were torches made of dried wood and twigs. Every home has a silo attached to it to store wood — the source of light and fuel for cooking food. The odds were stacked against Amle seeing any trace of development. It resides right in the middle of a protected forest conservation area. The state electricity board was thus unable to provide power to the hamlet.

All of this began to change in 2012 when Siemens adopted Amle, and Project Asha was launched. In partnership with Samved Energy Systems, an engineering, procurement and construction contractor, Siemens set up a 12-kilowatt peak (kWp) solar power station. The project team installed a simple-membrane water filter to provide clean potable water. This filter system from Siemens Water Technologies purifies up to 20,000 liters of unclean water per day by pumping it through a membrane of ultra-fine fibers. Siemens' partner Aroehan also helped set



up bunds — miniature dams — and infrastructure for rain water harvesting, allowing year-round irrigation, and thereby providing a source of livelihood.

Prashant Chandwadkar, who works for the Siemens Infrastructure and Cities Sector — more specifically for the Low and Medium Voltage Division — volunteered as project manager for Project Asha's technology implementation. “I am glad Siemens has adopted the village and is bringing in progress,” he says. “Every village in India could be similarly transformed through technology.”

Mumbai has come to us, and hopefully in the future nobody from this village will have to move to Mumbai to earn a livelihood.

Initially, Prashant and his team struggled in the face of a lack of skilled manpower in the village. However, local people were soon trained in the basic skills of handling equipment. A Siemens engineer supervised their worksite. “A big challenge was access to the village. The truck transporting the equipment had to be parked four kilometers away. The villagers took over, carrying heavy batteries, cable drums and inverters on their heads and walking down a rough path, wading through the river and again up to the village. All of this proved that the villagers were as determined as we were to make the project a success,” Chandwadkar adds.

The day the 20 streetlights lit up the village, in July 2012, Durga said that it felt as if she was in Mumbai. “Mumbai has come to us, and hopefully in the future nobody from this village will have to move to Mumbai to earn a livelihood.” Shraddha agrees. “With power, the villagers are now capable of complementing their meager income by preparing masala (mixtures of spices) and other cottage industry products that they can sell. The water filter will reduce the incidence of water-borne diseases. The village officials had dug a well,

but it had limited use until the Siemens solution came along,” she says. The additional crops and vegetables that are cultivated also help improve nutritional deficiencies.

Dr. Armin Bruck, Managing Director, Siemens Ltd., adds: “Apart from bringing in solar energy, pumps for irrigation, and a water filter for drinking water, we are also involved in bringing about social change. We are doing so by increasing health awareness among adolescent girls, the empowerment of women, and adult literacy. Agricultural support will also ensure the village sustains itself with year-around farming.”

Why People Will Want to Stay

Vilas Erande of Samved adds a word of caution, though. “The children can now see and learn at night, not just listen. But unless villagers are trained and sensitized to the use of technology, the model may fail. You need someone accountable to look after it.” The village school's teacher, Janardhan, offers his advice on how to make the model work. “The villagers, like other consumers, will not value what is freely available. They will appreciate the true value of development only when they pay for it,” he says. With this in mind, Amle's development committee has decided to charge each household \$1 per month. This amount will be used for the upkeep of the system, and will also help make the project self-sustaining.

As the head of the village development committee, Dilip Vare, a wiry youth in his mid-twenties, has the last word. He has been to training seminars and conferences where he learned how even basic technology can transform his village. “The village needs its people. This is just the beginning; eventually we will have enough opportunities here to ensure that they want to stay,” he says. Project Asha has brought hope to a village. Amle has gone from being a remote, inhospitable hamlet to a model, not just for the rest of the country, with its 120,000 off-grid villages — but for the rest of the world. ■

This article was provided by Siemens Ltd., Mumbai

An Economics Professor began to address his audience with a series of questions.

Name the five wealthiest people in the world?

Name the last five winners of Miss Universe?

Name the last five people who won the Noble Prize for Economics?

Pausing after each question, he observed how his listeners attempted, with some difficulty to list out their answers.

“The point is,” he continued, “none of us remembers the headlines of yesterday. Even though these people would be excellent in their field, sooner rather than later, the applause dies; awards are tarnished and achievements forgotten.”

“Now let’s see how this goes,” he quizzed further.

Name five teachers who contributed to your journey through school?

Name five people who stood by you through difficult times?

Name five people who make you feel special?

“You may have found this easier, right?” continued the Professor. “What I am trying to say is that it is the people who make a difference in ones life that matters and not the ones with the most awards or the numerous laurels.

This impact on individuals is multiplied several times when Corporates run their business with this attitude. Whole communities, countless women and children and many other stakeholders are impacted when individuals who make up such business houses have this attitude to make a difference.

It was Gandhi who said: Find Purpose! The Means will Follow.”

How Much Should You Be Giving?

Some questions often arise on the subject of personal charity or corporate giving. How much should one spend for the needy in our society — say as percentage of incomes or profits? How best to select good projects? Should there be some visibility for oneself or for the business?

Interestingly, some individuals and business leaders also coexist who refuse to think that way. Instead, they encourage their folks to do their own bit of 'thinking,' only making sure that there is a high level of commitment and service in whatever they give or do. Commitment seems to be more important than compliance!

Good Intention

In the Bhagwad Gita, Krishna addresses Arjuna as 'O conqueror of wealth' and among other things says that something given with proper attention and respect is considered as good; and those who do it for some gain, returns or even grudgingly, then such action is inferior.

In a world of 'conquerors of wealth' admittedly, a lot is happening from a personal desire to help the needy and businesses have more recently come to formally accept such practices.

There are many efficient mechanisms for 'giving' today. However, there is something missing. In all of this, what gets trivialized is that, in the process, a few 'make', 'own' and 'control', large parts of the value created by individuals and enterprises and this is legitimized.

Quality Of Life

In essence though, a commercial endeavour is

more a way by which, ultimately, one needs to preserve the integrity of the wealth 'creating' power of individuals and businesses in a reasonable and sustained balance with the 'distributive' aspect of creating value. This would really improve quality of life. It is a core principle besides all the other fuss around activities and technologies handled. This balance is in fact the purpose of income or profit. And so, what is co-created by all segments of

communities and stakeholders in particular through a continuous process of meaningful engagement all along leaves really little space for another special act of 'social' responsibility — as if something is done at the end of it all like a by-product.

Over time, genuine people and enlightened businesses believed in the idea of co-creation. They perfected a more formal practice to deliver this integrity through practices,

governance mechanisms, and values driving the business-process. They set some commendable examples of even personal sacrifice and leadership that inspires and enables others to resonate 'giving' more as a constant, personal aspiration and institutional self-expression minutely through everyday transactions and interactions.

These hold real possibilities to increase the tribe of those convinced. So, there are no separate activities, one of accumulating the wealth as if it is all yours, and then the other one of giving away! ■

Anant Nadkarni

Times of India, August 30, 2013

