National HRD Network

The National HRD Network, established in 1985, is an association of professionals committed to promoting the HRD movement in India and enhancing the capability of human resource professionals, enabling them to make an impactful contribution in enhancing competitiveness and creating value for society. Towards this end, the National HRD Network is committed to the development of human resources through education, training, research and experience sharing. The network is managed by HR professionals in an honorary capacity, stemming from their interest in contributing to the HR profession.

The underlying philosophy of the NHRDN is that every human being has the potential for remarkable achievement. HRD is a process by which employees in organizations are enabled to:

- acquire capabilities to perform various tasks associated with their present and future roles;
- develop their inner potential for self and organisational growth;
- develop an organisational culture where networking relationships, teamwork and collaboration among different units is strong, contributing to organisational growth and individual well-being.
NHRD Network Journal

CSR & HR

Volume 5 Issue 1 January 2012

ABOUT THE JOURNAL

The National HRD Network publishes a semi-academic quarterly journal where in each issue is dedicated to a theme.

The journal publishes primarily three categories of articles:

- Conceptual and research based
- Contributions from thought leaders including a limited number of reprints with due permission
- Organizational experiences in HR interventions/mechanisms

Publications so far include on the themes:

- “IT in HR”
- “Performance Management”
- “Attracting and Retaining Talent”
- “Career Management”
- “Organizational Change”
- “Global HRM”
- “Women in Corporate Leadership Roles”
- “Organization Development”
- “Learning and Development”
- “Leadership”
- “Work-Life Balance”
- “Institution Building”
- “Coaching For Performance and Development”
- “Human Resources Management in Rapid Growth Organizations”
- “HR Competence”
- “HR and Employee Relations”
- “CEO and HR”
- “People Power – Draw, Drive and Deliver”
- “Gen Y and HR.”

The current issue is on the theme of “CSR & HR”.

Editorial Board Members:

Dr. P.V.R. Murthy, Managing Editor is a product of I.I.T., Kharagpur and IIM, Calcutta with close to thirty years experience in H.R. field. He is founder and runs an executive search firm Exclusive Search Recruitment Consultants. He is associated with a number of academic institutions. He is trained in TQM in Japan and in human processes from ISABS and NTL, U.S.A. He is the Past National Secretary of National HRD Network.

Dr. Pallab Bandypadhyay is Director - Human Resources Citrix R&D India Pvt Ltd. A doctoral fellow from XLRI and AHRD, he is trained in OD and AHRD, he is trained in OD and Human Processes from NTL, USA and he believes in applying HR concepts to practice to make it more meaningful and effective. He is a mentor and coach to many young HR professionals.

Dr. Arvind N Agrawal - He is President - Corporate Development and Group HR in RPG Group. An alumnus of IIT (Kharagpur), IIM (Ahmedabad) and IIT (Bombay) with over 30 yrs. of experience. He has been the National President of National HRD Network during the year 2000-2002.

Dr. P. V. R. Murthy, CEO, Exclusive Search Recruitment Consultants, #8, Janaki Avenue, Off 4th Street, Abhiramapuram, Chennai 600 018. pvrmurthy@exclusivesearch.com

NHRD firmly believes in and respects IPR and we appeal to the contributors and readers to strictly honour the same.

For any further clarifications, please contact:

The Managing Editor

Dr. P V R Murthy, CEO, Exclusive Search Recruitment Consultants, #8, Janaki Avenue, Off 4th Street, Abhiramapuram, Chennai 600 018. pvrmurthy@exclusivesearch.com
A GLOBAL NETWORK OF EXPERTS
VIRTUAL AND BLENDED PROGRAMS
WORLD-CLASS CONTENT

HARVARD MANAGEMENTOR®
Online Learning and Performance Support

CUSTOM LEARNING PORTALS
Trusted Content On-Demand

LEADERSHIP DIRECT
Virtual Cohort-Based Learning

STRATEGIC COLLECTIONS | SIMULATIONS | CASE-BASED COURSES

www.harvardbusiness.org/corporate
Harvard Business School Publishing India Pvt. Ltd.
Prabal Sarma  |  +91 9004096226
psarma@harvardbusiness.org
Dear Readers,

The National HRD Network has been bringing out a semi-academic, theme based, quarterly journal for the past four years. It aims at compiling and publishing the professional views and experiences of reputed HR professionals, line professionals, CEOs, researchers, academicians in each theme area. We carry out extensive research, identify and invite persons who have eminent publications or have rich experience in the theme area to contribute articles for each issue. Through the journal, we aim to build a body of HR knowledge in all facets of HR which is not otherwise easily available for the current and future HR Professionals. So far, close to 300 eminent authors have contributed articles for the 20 issues. Each issue is guest edited by a person of eminence in the concerned theme area.

This journal is circulated free to the members of NHRD Network to stimulate their thinking and towards their professional development.

Publications so far have been based on themes such as:
- “IT in HR”
- “Performance Management”
- “Attracting and Retaining Talent”
- “Career Management”
- “Organizational Change”
- “Global HRM”
- “Women in Corporate Leadership Roles”
- “Organization Development”
- “Learning and Development”
- “Leadership”
- “Work-Life Balance”
- “Institution Building”
- “Coaching For Performance and Development”
- “Human Resources Management in Rapid Growth Organizations”
- “HR Competence”
- “HR and Employee Relations”
- “CEO and HR”
- “People Power – Draw, Drive and Deliver”
- “Getting HR Ready for Gen Y”

The copies of these issues of the journal can be accessed from www.nationalhrd.org.

The current issue (January 2012) is on the theme of “CSR & HR”

Plans for the ensuing issues are as follows:
1. April 2012 issue by Mr. S.V. Nathan, Director U.S. India Talent, Deloitte, on “Shapes & Structures of Organizations — today, tomorrow”
2. July 2012 issue on the theme “HR and Internal Communication Practices” to be guest edited by Mr. Prince Augustin, EVP-Human Capital, Mahindra and Mahindra;
3. October 2012 issue on the theme “HR, The Business Driver” to be guest edited by Mr. Anand Nayak, Head HR, ITC;
4. January 2013 issue on the theme “HR in a Customer Driven Economy” to be guest edited by Mr. Shyam C Raman, Senior VP HR, Murugappa Group;
5. April 2013 issue on the theme “HR and Innovation” by Prof. KB Akhilesh, Indian Institute of Sciences, Bengaluru.
6. July 2013 issue on the theme “Inspiring People and Enhancing Performance” to be guest edited by Mr. Harish Devarajan.

This is your journal and will be as rich as you want it to be.

In order to further enrich it, we would like to receive your
1. qualitative feedback on issues brought out so far, and
2. suggestions for themes to be covered in our future issues.
3. Any other suggestions.

Kindly send in your thoughts to drpvmurthyresearch@gmail.com

Dr. PVR Murthy
Managing Editor.
<table>
<thead>
<tr>
<th>S.No.</th>
<th>Title of Article</th>
<th>Author</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>How Great Companies Think Differently?</td>
<td>Prof. Rosabeth Moss Kanter</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Doing Well by Doing Good in India</td>
<td>Prof. Peter Cappelli</td>
<td>13</td>
</tr>
<tr>
<td>3</td>
<td>Corporate Social Responsibility: Role of HR</td>
<td>Prof. Indira J Parikh</td>
<td>16</td>
</tr>
<tr>
<td>4</td>
<td>Human Resource Professionals as Social Conscience Keepers in the Business of</td>
<td>Dr S Parasuraman</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>Wealth Creation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The Scourge of ‘Small’ Men at the Top Is There An Antidote?</td>
<td>Dr J Singh</td>
<td>29</td>
</tr>
<tr>
<td>6</td>
<td>Business and Society in the Twenty-first Century - Beyond CSR</td>
<td>Anand G Mahindra</td>
<td>36</td>
</tr>
<tr>
<td>7</td>
<td>Sensitizing the Enterprise to a New Business Paradigm : Role of HR</td>
<td>Anand Nayak</td>
<td>41</td>
</tr>
<tr>
<td>8</td>
<td>Shared Value — the inspiration from Indian Ethos</td>
<td>Anil Sachdev</td>
<td>46</td>
</tr>
<tr>
<td>9</td>
<td>Companies and development : the widening universe of CSR</td>
<td>Anu Aga</td>
<td>51</td>
</tr>
<tr>
<td>10</td>
<td>Business and Communities – Redefining Boundaries</td>
<td>Dr Bhaskar Chatterjee</td>
<td>55</td>
</tr>
<tr>
<td>11</td>
<td>Corporate Social Responsibility and HR : Redefining Boundaries</td>
<td>Dr Shalini Sarin</td>
<td>61</td>
</tr>
<tr>
<td>12</td>
<td>Skills Based Volunteerism: How can organizations leverage their employee skills for larger social good?</td>
<td>Dr Sripada Chandrasekhar</td>
<td>65</td>
</tr>
<tr>
<td>13</td>
<td>HR and CSR – The RPG Perspective</td>
<td>Kumar Priyaranjan</td>
<td>70</td>
</tr>
<tr>
<td>14</td>
<td>Corporate Social Responsibility and HR : Redefining Boundaries</td>
<td>Leena Nair</td>
<td>74</td>
</tr>
<tr>
<td>S.No.</td>
<td>Title of Article</td>
<td>Author</td>
<td>Page No.</td>
</tr>
<tr>
<td>-------</td>
<td>------------------------------------------------------</td>
<td>-----------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>15</td>
<td>Being Part of the Solution</td>
<td>Matthew Spacie</td>
<td>79</td>
</tr>
<tr>
<td>16</td>
<td>Redefining Boundaries: The Maruti Experience</td>
<td>S Y Siddiqui</td>
<td>84</td>
</tr>
<tr>
<td>17</td>
<td>Driving Inclusive Growth through Corporate Social Responsibility</td>
<td>Subrata Mukherji</td>
<td>92</td>
</tr>
<tr>
<td>18</td>
<td>Advaita, Yagna &amp; Seva — Redefines CSR in Indian Context</td>
<td>Swami Swatmananda</td>
<td>97</td>
</tr>
<tr>
<td>19</td>
<td>Corporate Social Responsibility and HR — A Research Study</td>
<td>K Srinivas Rao and Dr Padmaja Palekar</td>
<td>103</td>
</tr>
</tbody>
</table>

**BOOK REVIEWS**

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Title of Article</th>
<th>Reviewed by</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td><em>Creating a Helping Organization - 5 Engaging Ways to Promote Employee Performance, Growth &amp; Well-Being</em> by Ganesh Chella</td>
<td>Dr S Sabesan</td>
<td>112</td>
</tr>
</tbody>
</table>
EDITORIAL COMMENTS

The theme of the January issue is “Corporate Social Responsibility and HR: Redefining Boundaries”. The focus is on the exploration of the paradigm shift that is taking place, and the boundaries that are being redefined, in the interaction between business and community. As we see it, this is happening along the following dimensions:

1) The concept of Shared Value which focuses on the connection between societal and economic progress and has the power to unleash the next wave of global growth. Social organizations, government entities and private sector firms will increasingly explore collaborative initiatives where both economic and social value will be created, blurring the profit/non-profit boundary.

2) There is fair amount of evidence that the super corporations of tomorrow will be those corporations that have aligned their businesses to the unmet needs of the societies and communities that they operate in. Such companies are able to achieve sustained profitable growth through a high level of community involvement, and in fact use their interface with community as a mother font of innovation.

In this scenario, community work can become a very powerful crucible experience for leadership development. How can we explore the various ways in which HR can use this crucible to help unleash leadership qualities, innovation, teamwork and human capital productivity in this emerging scenario of intense symbiotic interaction.
between business corporations, communities, not-for-profits and government institutions?

We have been fortunate in getting outstanding contributions both from academics (from India and abroad), and practitioners from the Corporate, NGO and spiritual spaces. The articles are a blend of conceptual and experiential material, and have been arranged under two broad heads:

1) Academic
2) Experiential

It is our fond hope that these articles will provide deep insights and practical guidance as we move into the Brave New World, where it is only organizations that work for both profit and purpose, that will define Tomorrow’s Landscape.
How Great Companies Think Differently?

Prof Rosabeth Moss Kanter

Abstract

Is the sole purpose of business to make money – the more the better? Or should there be a larger purpose? Institutional logic holds that companies are more than instruments for generating money, they are also vehicles for accomplishing societal purposes. So, what is institutional logic? This article by Prof Rosabeth Moss Kanter elaborates the 6 facets of institutional logic which radically alter leadership and corporate behaviour. Common purpose, Long-term view, emotional engagement, community building, innovation & self organisation. The article which is based on research across 20 countries & 4 continents also goes on to discuss cutting edge practices from round the world.

About the Author

Prof. Rosabeth Moss Kanter holds the Ernest L. Arbuckle Professorship at Harvard Business School, where she specializes in strategy, innovation, and leadership for change. Her strategic and practical insights have guided leaders of large and small organizations worldwide for over 25 years, through teaching, writing, and direct consultation to major corporations and governments. The former Editor of Harvard Business Review (1989-1992), Professor Kanter has been repeatedly named to lists of the “50 most powerful women in the world” (Times of London), and the “50 most influential business thinkers in the world” (Accenture and Thinkers 50 research).

Instead of being mere money-generating machines, they combine financial and social logic to build enduring success.

By Prof. Rosabeth Moss Kanter

It’s time that beliefs and theories about business catch up with the way great companies operate and how they see their role in the world today. Traditionally, economists and financiers have argued that the sole purpose of business is to make money—the more the better. That conveniently narrow image, deeply embedded in the American capitalist system, molds the actions of most corporations, constraining them to focus on maximizing short-term profits and delivering returns to shareholders. Their decisions are expressed in financial terms.

This article is reprinted from Harvard Business Review, November 2011 issue, with due permission.
I say convenient because this lopsided logic forces companies to blank out the fact that they command enormous resources that influence the world for better or worse and that their strategies shape the lives of the employees, partners, and consumers on whom they depend. Above all, the traditional view of business doesn’t capture the way great companies think their way to success. Those firms believe that business is an intrinsic part of society, and they acknowledge that, like family, government, and religion, it has been one of society’s pillars since the dawn of the industrial era. Great companies work to make money, of course, but in their choices of how to do so, they think about building enduring institutions. They invest in the future while being aware of the need to build people and society.

In this article, I turn the spotlight on this very different logic—a social or institutional logic—which lies behind the practices of many widely admired, high performing, and enduring companies. In those firms, society and people are not afterthoughts or inputs to be used and discarded but are core to their purpose. My continuing field research on admired and financially successful companies in more than 20 countries on four continents is the basis for my thinking about the role of institutional logic in business.

Institutional logic holds that companies are more than instruments for generating money; they are also vehicles for accomplishing societal purposes and for providing meaningful livelihoods for those who work in them. According to this school of thought, the value that a company creates should be measured not just in terms of short-term profits or paychecks but also in terms of how it sustains the conditions that allow it to flourish over time. These corporate leaders deliver more than just financial returns; they also build enduring institutions.

Rather than viewing organizational processes as ways of extracting more economic value, great companies create frameworks that use societal value and human values as decision-making criteria. They believe that corporations have a purpose and meet stakeholders’ needs in many ways: by producing goods and services that improve the lives of users; by providing jobs and enhancing workers’ quality of life; by developing a strong network of suppliers and business partners; and by ensuring financial viability, which provides resources for improvements, innovations, and returns to investors.

In developing an institutional perspective, corporate leaders internalize what economists have usually regarded as externalities and define a firm around its purpose and values. They undertake actions that produce societal value—whether or not those actions are tied to the core functions of making and selling goods and services. Whereas the aim of financial logic is to maximize the returns on capital, be it shareholder or owner value, the thrust of institutional logic is to balance public interest with financial returns.

Institutional logic should be aligned with economic logic but need not be subordinate to it. For example, all companies require capital to carry out business activities and sustain themselves. However, at great companies profit is not the sole end; rather, it is a way of ensuring that returns will continue. The institutional view of the firm is thus no more idealized than is the profit-maximizing view. Well-established practices, such as R&D and marketing, cannot be tied to profits in the short or long runs, yet analysts applaud them. If companies are to serve a purpose beyond their business portfolios, CEOs must expand their investments to include employee empowerment, emotional
engagement, values based leadership, and related societal contributions.

Business history provides numerous examples of industrialists who developed enduring corporations that also created social institutions. The Houghton family established Corning Glass and the town of Corning, New York, for instance. The Tata family established one of India’s leading conglomerates and the steel city of Jamshedpur, Jharkhand. That style of corporate responsibility for society fell out of fashion as economic logic and shareholder capitalism came to dominate assumptions about business and corporations became detached from particular places. In today’s global world, however, companies must think differently.

Globalization increases the speed of change; more competitors from more places produce surprises and shocks. An intensely competitive global economy places a high premium on innovation, which depends on human imagination, motivation, and collaboration. Global mergers and acquisitions add further complexity, with their success resting on how effectively the organizations are integrated. Moreover, seeking legitimacy or public approval by aligning corporate objectives with social values has become a business imperative. Corporations that cross borders face questions of cultural fit and local appropriateness; they must gain approval from governmental authorities, opinion leaders, and members of the public wherever they operate. Their employees are both internal actors and the company’s representatives in the external community.

Only if leaders think of themselves as builders of social institutions can they master today’s changes and challenges. I believe that institutional logic should take its place alongside economic or financial logic as a guiding principle in research, analysis, education, policy, and managerial decision making. In the following pages, I will describe six ways in which great companies use institutional logic, how it gives them an advantage, and how the perspective can radically change leadership and corporate behavior.

**A Common Purpose**

Conceiving of the firm as a social institution serves as a buffer against uncertainty and change by providing corporations with a coherent identity.

As companies grow, acquire, and divest, the business mix changes frequently and job roles often vary across countries. So what exactly gives a company a coherent
identity? Where are the sources of certainty that permit people to take action in an uncertain world? Purpose and values—not the widgets made—are at the core of an organization’s identity, and they can guide people in their efforts to find new widgets that serve society.

Consider the Mahindra Group, an $11 billion multi-business company based in Mumbai that employs 117,000 people in 100 countries. Like many emerging market enterprises, the Mahindra Group operates in many industries, including automobiles, finance, IT, and several dozen others. And like the great companies, it invests in creating a culture based on a common purpose to provide coherence amidst diversity, proclaiming that it is “many companies united by a common purpose—to enable people to rise.”

Globalization detaches organizations from one specific society but at the same time requires that companies internalize the needs of many societies. Establishing clear institutional values can help resolve this complex issue. For example, PepsiCo has made health a big part of its aspiration to achieve Performance with Purpose. Nutrition, environmental responsibility, and talent retention are pillars supporting the slogan. Performance with Purpose provides strategic direction and motivation for diverse lines of business in many countries. It requires a gradual shift of resources from “fun for you” to “better for you” to “good for you;” in PepsiCo parlance. It provides a rationale for acquisitions and investments. It is the logic behind the creation of a new organizational unit, the Global Nutrition Group, and new corporate roles, such as chief global health officer. It guides a quest to reduce or eliminate sugar and sodium in foods and beverages. Above all, it provides an identity for the people who work for PepsiCo all over the world.

Leaders can compensate for business uncertainty through institutional grounding. Great companies identify something larger than transactions or business portfolios to provide purpose and meaning. Meaning making is a central function of leaders, and purpose gives coherence to the organization. Institutional grounding involves efforts to build and reinforce organizational culture, but it is more than that. Culture is often a by-product of past actions, a passively generated outgrowth of history. Institutional grounding is an investment in activities and relationships that may not immediately create a direct road to business results but that reflect the values the institution stands for and how it will endure.

Institutional grounding can separate the survivors from those subsumed by global change. A sense of purpose infuses meaning into an organization, “institutionalizing” the company as a fixture in society and providing continuity between the past and the future. The name can change, but the identity and purpose will live on. In 2007, Spain’s Grupo Santander acquired Brazil’s Banco Real and folded it into its Brazilian assets. But Banco Real’s spirit involved much more than its financial assets. Its then CEO Fabio Barbosa was put in charge of creating the combined entity, Santander Brazil. Although the new organization faced pressure to increase branch profitability, under Barbosa’s leadership Banco Real’s focus on social and environmental responsibility, along with its private banking model, were infused throughout Santander Brazil and the parent.

Successful mergers are noteworthy for their emphasis on values and culture. When the merger of two Swiss pharmaceutical companies formed Novartis in 1996, CEO Daniel Vasella
wanted the new company’s mission to be globally meaningful and central to the integration and growth strategy. The question was how to provide employees with a tangible experience that reflected those values. When I floated the idea of a global day of community service—unheard of in Europe at that time—Novartis agreed. The company allowed each country organization to determine how it wanted to serve local communities, based on its interpretation of what the two histories and one future would suggest. The day of service has become an annual Novartis event, held on the merger’s anniversary.

Affirming purpose and values through service is a regular part of how great companies express their identities. In June 2011, IBM celebrated its 100th anniversary by offering service to the world. Over 300,000 IBMers signed up to perform 2.6 million hours of service on a global service day. They contributed training and access to software tools, many of them developed specially for the occasion, to schools, governmental agencies, and NGOs. Projects included training on privacy and antibullying in 100 schools in Germany; a new website developed in India for the visually impaired, with a launch at 50 locations; and access to small-business resources for women entrepreneurs in the United States. The company gave the tools away, even in cases where the software could form the basis for commercial products, to demonstrate IBM’s commitment to being a contributor to society.

A Long-Term Focus

Thinking of the firm as a social institution generates a long-term perspective that can justify any short-term financial sacrifices required to achieve the corporate purpose and to endure over time.

Keeping a company alive requires resources, so financial logic demands attention to the numbers. However, great companies are willing to sacrifice short-term financial opportunities if they are incompatible with institutional values. Those values guide matters central to the company’s identity and reputation such as product quality, the nature of the customers served, and by-products of the manufacturing process. Banco Real, for instance, created a screening process to assess potential customers’ societal standards as well as their financial standing. The bank was willing to walk away from those that did not meet its tests of environmental and social responsibility. This short-term sacrifice was prudent risk management for the longer term.

Companies using institutional logic are often willing to invest in the human side of the organization—investments that cannot be justified by immediate financial returns but that help create sustainable institutions. In South Korea, after the Asian financial crisis of the late 1990s, Shinhan Bank set out to acquire Chohung Bank, a larger and older bank that the government had bailed out. The moment the acquisition was announced, 3,500 male employees of a Chohung Bank union, whose ranks extended to management levels, shaved their heads in protest and piled the hair in front of Shinhan’s headquarters in downtown Seoul. The acquirer then had to decide whether to go ahead with the acquisition and, if it did so, what it ought to do about Chohung’s employees.

Shinhan’s leaders applied institutional logic. They negotiated an agreement with the Chohung union, deferring formal integration for three years, giving equal representation to both Shinhan and Chohung managers on a new management committee, and increasing the salary of Chohung employees to match the higher
wages of Shinhan employees. The acquirer also handed out 3,500 caps to cover the heads of the protestors. Shinhan invested heavily in what it called “emotional integration,” holding a series of retreats and conferences intended not only to spread strategic and operational information but also to foster social bonding and a feeling of being “one bank.” According to financial logic, the acquirer was wasting money. In terms of Shinhan’s institutional logic, the investments were an essential part of securing the future.

The result: Within 18 months, Shinhan had grown both banks’ customer bases, and the Chohung union was having a hard time fomenting discontent against the benign acquirer. Although a formal merger wouldn’t occur for another year and a half, Shinhan and Chohung employees were working together on task forces and discussing best practices, and ideas were spreading that began to make the branches look more similar. Employees were, in essence, self-organizing. By the third year, when formal integration took place, Shinhan was outperforming not only the banking industry but also the South Korean stock market.

Emotional Engagement

The transmission of institutional values can evoke positive emotions, stimulate motivation, and propel self-regulation or peer regulation.

Utilitarian rationality is not the only force governing corporate performance and behavior inside organizations; emotions play a major role, too. Moods are contagious, and they can affect such issues as absenteeism, health, and levels of effort and energy. People influence one another, and in doing so they either increase or decrease others’ performance levels, as my study of teams and organizations on winning and losing streaks reveals (see my book Confidence, Crown, 2004). Well-understood values and principles can be a source of emotional appeal, which can increase employee engagement. Having a statement of values has become common, so the issue is not whether a set of words called “values” exists somewhere in the company. Adhering to institutional logic makes the regular articulation of values core to the company’s work. The CEOs of companies I studied, whether headquartered in the U.S., Mexico, the UK, India, or Japan, allocated considerable resources and their own time to breathing new life into longstanding values statements, engaging managers at many levels in the institutional task of communicating values. The point was not the words themselves but the process of nurturing a dialogue that would keep social purpose at the forefront of everyone’s mind and ensure that employees use the organizational values as a guide for business decisions.

As a Procter & Gamble executive, Robert McDonald had long believed that the company’s Purpose, Values, and Principles was a cornerstone of its culture, evoking strong emotions in employees and giving meaning to the company’s brands. Within a month of becoming CEO in 2010, he elevated the purpose—improving the lives of the world’s consumers—into a business strategy: improving more lives in more places more completely.

In P&G West Africa, for instance, every employee has a quantitatively measurable purpose-driven goal: How have I touched this year? So P&G West Africa’s Baby Care
Group set up Pampers mobile clinics to reduce high rates of infant mortality and help babies thrive. A physician and two nurses travel the region in a van, teaching postnatal care, examining babies, and referring mothers to hospitals for follow-ups or immunization shots. They also register mothers for mVillage, a text-message service (many of the poor in West Africa have cell phones) that offers health tips and the chance to ask questions of health care professionals. At the end of each mobile clinic visit, everyone gets two Pampers diapers. The emotional tugs for P&G employees are strong; they feel inspired by the fact that their product is at the center of a mission to save lives. They also feel proud that Pampers’ sales have soared and that West Africa is among P&G’s fastest-growing markets.

In companies that think of themselves as social institutions, work is emotionally compelling and meaning resides in the organization as a whole rather than in a less sustainable cult of personality. Top leaders exemplify and communicate the company’s purpose and values, but everyone owns them, and the values become embedded in tasks, goals, and performance standards. Rather than depending on charismatic figures, great companies “routinize” charisma so that it spreads throughout the organization.

**Partnering with the Public**

The need to cross borders and sectors to tap new business opportunities must be accompanied by concern for public issues beyond the boundaries of the firm, requiring the formation of public-private partnerships in which executives consider societal interests along with their business interests.

One paradox of globalization is that it can increase the need for local connections. To thrive in diverse geographies and political jurisdictions, companies must build a base of relationships in each country with government officials and public intermediaries as well as suppliers and customers. Only by doing so can companies ensure that agendas are aligned even as circumstances-and public officials-keep changing. Those external stakeholders are interested as much in the corporations’ contributions to the local community as they are in their transactional capabilities. At the same time, great companies want both an extended family of enduring relationships and a seat at the table on policy matters affecting their business.

Public-private partnerships to address societal needs are growing in number and importance, and are especially prevalent among enterprises that think institutionally. Partnerships can take many forms: International activities, conducted in collaboration with the United Nations and other global organizations (such as Procter & Gamble’s Children’s Safe Drinking Water program with UNICEF...
and several NGOs); large domestic projects, undertaken in collaboration with government ministries and development agencies (PepsiCo’s agricultural projects in Mexico with the Inter-American Development Bank, for example); product or service development to address unmet societal needs (for instance, P&G’s linkages with public hospitals in West Africa); or short term volunteer efforts (IBM’s work following the Asian tsunami, Hurricane Katrina, and earthquakes in China and Japan to provide software to track relief supplies and reunite families).

In companies that adhere to an institutional logic, executives cultivate relationships with public officials neither as a quid pro quo nor to push through particular deals. Rather, they seek to understand and contribute to the public agenda even as they influence it. For example, PepsiCo’s chief global health officer, who came from the World Health Organization, is planning a cross-sector project to reduce childhood obesity. IBM’s CEO, Samuel Palmisano, circumnavigates the globe six or seven times a year to meet with national and regional officials, discussing how IBM can help their countries achieve their goals. This is not sales or marketing; it’s a high-level conversation to demonstrate the company’s commitment to furthering the development of the countries it operates in. Such engagement at the top helps other IBM leaders get a seat at the table when discussions about the country’s future take place.

Institution building requires the efforts of many people. The more interested that top leaders are in external relations, the more likely they are to involve others and to reward them for building relationships with the nation and community. Although relatively few people might hold formal responsibility for these external interfaces, a great many might perform institutional work by volunteering, attending public meetings, and participating in community service. Such activity projects a sense of authentic motivation. Community building is not a hard sell for people native to an area or for long-term residents; there is an emotional pull of place that makes such work desirable. For others whose careers take them across geographies, this work is a way to connect their organizational roles with the places they now live, making them feel more rooted.

When leaders come to see themselves as having societal purpose, they can choose to get involved at local, national, and even global levels. A few years ago, the head of IBM Greater China organized a personal diplomatic mission to Washington, meeting with White House officials and U.S. politicians to discuss the impact of China’s emergence as an economic superpower. He had a desire to see both nations thrive and believed that his role in a global company afforded him a unique perspective. After retiring in 2009, he remained an IBM “super alum,” in company parlance, and was supported by IBM in attending a major U.S. university for a year, with the company’s support, to learn about health care. At the end of 2010, he returned to China and launched an initiative with a Chinese government institute to develop an IT-enabled evidence base for traditional Chinese medicine that will build on IBM ties.

**Innovation**

Articulating a purpose broader than making money can guide strategies and actions, open new sources for innovation, and help people express corporate and personal values in their everyday work.

Companies’ claims that they serve society become credible when leaders allocate time, talent, and resources to national or community projects without seeking immediate returns and when they encourage people from one country to
serve another. IBM’s Corporate Service Corp, for instance, develops future leaders by sending diverse teams of the company’s best talent on monthlong projects around the world. The attention placed on social needs often generates ideas that lead to innovations. For Cemex, operating by institutional logic and considering unmet societal needs produced innovations such as antibacterial concrete, which is particularly important for hospitals and farms; water-resistant concrete, useful in flood-prone areas; and road surface material derived from old tires, desirable in countries that are building roads rapidly. An idea from Egypt for saltwater-resistant concrete, helpful for harbor and marine applications, became a product launched in the Philippines.

Institution building helps connect partners across an ecosystem, producing business model innovation. Cemex started Construrama, a distribution program for small hardware stores, in 2001 as a response to competition from Home Depot and Lowe’s, which were then entering Latin America. Construrama offers the small stores training, support, a strong brand, and easy access to products. In accordance with its values, Cemex sought dealers who were trusted in their communities, rejecting candidates whose business tactics didn’t meet the company’s ethics standards. Cemex owns the Construrama brand and handles promotions but doesn’t charge distributors, operate stores, or have decision-making authority. It requires, however, that stores meet its service standards. Among those is participation in community-building philanthropic endeavors—expanding an orphanage or improving a school, for instance. By the mid-2000s, Construrama had opened enough stores to qualify as a large retail chain in Latin America and was expanding into other developing countries.

Creating opportunities for individuals to use company resources to serve society furthers institution-building goals. Novartis employees serve in hospitals, where they see first hand the challenges of disease and how their drugs are used. In 2011, P&G employees set out in Tide Loads of Hope vans to visit communities in the southern U.S. ravaged by floods. In the mobile Laundromats, managers and other professionals washed and folded clothes for local people, getting to know them and their circumstances. These kinds of interactions express corporate values and produce valuable learning, too.

Self-Organization

Great companies assume they can trust people and can rely on relationships, not just rules and structures. They are more likely to treat employees as self-determining professionals who coordinate and integrate activities by self-organizing and generating new ideas.

GREAT COMPANIES SEE BUSINESS as a primary pillar of society. This focus facilitates the kind of cross-border and cross sector engagement needed to tap global opportunities. Through the formation of public-private partnerships, firms consider the public interest along with business priorities.

THE ATTENTION PLACED ON social conditions often generates experiences and ideas that lead to learning for innovation in products, services, and business models.

IN A FIRM STEERED BY INSTITUTIONAL logic, employees can be treated as self-determining professionals, coordinating and integrating activities and producing innovation through self-organization in addition to formal assignments.
Institutional logic holds that people are not paycheck-hungry shirkers who want to do the bare minimum, nor are they robots that can be ordered to produce high performance. Instead, employees make their own choices about which ideas to surface, how much effort to put into them, and where they might contribute beyond their day jobs. Resource allocation is thus determined not only by formal strategies and budgetary processes but also by the informal relationships, spontaneous actions, and preferences of people at all levels.

Fully understanding a company requires knowledge of its social structure and informal networks, and optimizing performance requires social investments.

At Shinhan Bank, the two banks self-integrated through social bonds and relationships well in advance of the three-year mark when official integration was to take place. The new connections manifested in such actions as each bank’s voluntarily hanging the other’s banner in its headquarters. At Procter & Gamble, managers in Brazil turned strategic and organizational traditions on their head to develop low-cost, high-quality alternatives to premium products. They undertook this risky initiative on their own and self-organized to ensure closer cross-functional teamwork and partnerships with customers. They felt that they had an obligation to improve the lives of consumers who could not afford premium products. Similar institutional logic led the P&G Himalaya team, a global cross-functional group, to find ways to make Gillette razors affordable and desirable to men often bloodied by barbers using rusty or worn-out blades.

Managers in great companies understand that formal structures can be too general or too rigid to accommodate multidirectional pathways for resource and idea flows. Rigidity stifles innovation. Informal, self-organizing, shape-changing, and temporary networks are more flexible and can make connections between people or connect bundles of resources more quickly. Employees’ formal roles come to resemble the home base from which they are continuously mobile as they carry out daily tasks and projects, develop work relationships, and participate in team or group activities. Matrix organizations—in which individuals report to two or more bosses depending on the different dimensions of their tasks—become what I dub a matrix on steroids. People are accountable along many dimensions simultaneously, attending to multiple projects and using their networks to assemble resources for all those projects, often without going through a decision-making hierarchy.

Although there is a drudgery and confinement component to many jobs—plenty of Cemex employees work in factories, Shinhan’s banks have tellers stuck behind counters, and every company has stay-at-desk support staff—trusting people to make choices about where, when, and with whom they should work makes jobs more engaging. For example, on any given day about 40% of IBMers in the U.S. do not go to an IBM office. They work at home or at customer sites, moving between locations and taking vacations at times of their choosing.

IBM’s work-at-home programs, such as the one started in Japan in 2001, have caught the attention of governments interested in keeping women with technical degrees in the workforce. In some cases, IBM offers...
allowances to support infrastructure in the home, which has enabled a Harvard graduate working in India to combine project work with child-rearing, for instance, and a software manager from Egypt to move with her husband to Dubai.

Institutional logic assumes that people can be trusted to care about the fate of the whole enterprise — not just about their own jobs or promotions — and to catalyze improvements and innovations without waiting for instructions or sticking to the letter of a job description. Job descriptions nowadays document only part of what people do; performance reviews and salary bands capture only some of the activities through which people might add the most value for the company.

When people self-organize to create networks to share information, new initiatives or innovations are often the result. Organizations must encourage the creation of such networks, of course, and facilitate them through communication platforms or meeting spaces, but the networks usually flourish best if they spring from volunteers who do things that bosses might not have anticipated. What’s more, these self-organized networks often keep good ideas alive long after an organization would have abandoned them.

For example, three PepsiCo managers in Latin America had shared a dream for around a decade of developing new kinds of potatoes that were suitable for southern climates, less starchy, and environmentally sustainable. They felt that the initiative should be based in Peru, the potato’s birthplace. The troika remained in contact despite their moving to different locations, and even after years of ho-hum response, they presented their ideas wherever they could. They eventually received a boost when a new Peruvian potato chip whose creation they championed became a sensation. The chips, which used multicolored potatoes from small farmers in remote villages in the Andes, combined nutrition, tastiness, and social contribution.

Proof of concept turned the dream into reality: In August 2010, CEO Indra Nooyi announced the establishment of a global potato development center in Peru, headed by one of the three champions.

Self-organizing communities can be a potent force for change, propelling companies in directions they might not have taken otherwise. People with no formal orders serve as explorers and entrepreneurs. For example, had it not been for self-forming networks, IBM might have lagged behind or even missed out on two big business ideas: virtualization and green computing. These emerged as among IBM’s top strategic priorities after an Innovation Jam in July 2006, a web chat spanning several days to which over 140,000 employees contributed ideas.

The virtualization initiative came together outside of formal structures and, initially, as a voluntary activity. Some 200 early adopters of virtual platforms — such as Linden Labs’ Second Life and similar platforms-found each other through the company’s chat rooms and created an ad hoc group of people who shared ideas in their free time through avatars and weekly phone calls, with conference lines sometimes open in the virtual world, too. After a year of informal self-organization, the network found an IBM executive sponsor. IBM then designated virtualization an emerging business opportunity and provided funding for it.

MY ARGUMENT has come full circle. A logic that justifies treating employees as self-determining volunteers—in essence, as true professionals who care about high performance because they believe in the company as institution—makes it important to have a motivating purpose and values to provide coherence and common identity. The first enables the last. The six principles I describe in this article are interrelated and share many characteristics. Especially for great global companies, institution building is not the result of carrying out specific activities but a coherent, holistic pursuit in which
elements reinforce one another, are inextricably intertwined, and reflect a logic and leadership style that permeate the corporation.

Skeptics abound, of course. Firms that present themselves as institutions concerned with serving society often come under more scrutiny than others do, and they must withstand criticism about the gap between stated aspirations and performance, financially and socially. If they make money while doing good, they will be criticized for manipulation; if they do some good but not enough to solve complex problems, they will be criticized for lack of courage or commitment. Despite a growing number of advocates for a new kind of capitalism that finds win-win opportunities by creating value for both business and society, there is still controversy over the obligations of business.

The great global enterprises are not waiting for grand new theories or perfect answers. Their leaders already use an institutional or social logic to supplement economic or financial logic in guiding and growing their enterprises. Institutional logic cannot be captured by cost-benefit equations or reduced to the language of economics, and yet it turns out to be a powerful driver of financial performance.

Leaders in the great companies can tell a different story about the basis for their decisions. In so doing, they are able to produce new models for action that can restore confidence in business and will change the world in which we live.
DOING WELL BY DOING GOOD IN INDIA

Prof PETER CAPPELLI

Abstract

Can companies do well by doing good. The general idea of corporate social responsibility says yes. This article talks about the Indian companies that are doing well while doing good. For eg. how Bharti Airtel, Tatas, Infosys etc. are doing well by doing good. The biggest impact of social mission creates is motivating employees. Employees do much better when they know that they are contributing towards a social mission. The same employees may not do very well when it is to only make the shareholders happy. The Indian experience suggests that maybe those earlier US leaders who saw their job as serving the needs of all stakeholders, not just shareholders were onto something.

About the Author

Prof. Peter Cappelli is the George W. Taylor Professor of Management at the Wharton School and Director of its Center for Human Resources. He is the co-author of The India Way: How Indian Business Leaders are Revolutionizing Management.

The public image of US CEOs and other business leaders is in the basement along with the general perception of corporations. The idea that what is good for business is good for America seems a distant memory. The belief that corporate lobbyists are subverting the public interest is widespread, outrage over executive compensation is palpable, and especially when so many continue to suffer from the Great Recession, there is a hunger for organizations that are doing some good for society. To make matters worse for business, shareholder performance, the sine qua non for US business, has been a complete dud, reporting a net decline over the past decade and the 2nd worst performance among developed countries.

Are there other models? The general idea of corporate social responsibility says yes. The argument varies a little depending on who one talks to, but the basic idea is that consumers reward businesses that behave ethically. We see the rush for companies to “go green” and become environmentally responsible in their practices as they see their customers having similar interests.

The above is a somewhat peculiar view of responsibility, though. It is closer simply to good marketing: Figure out what brand image customers like and try to adapt to that. Can we do better than that?

We can find an alternative model in India. To be clear, not all Indian companies act in
the way I am about to suggest. There are rogues and scoundrels as in every country. But we compare leading Indian companies to those elsewhere, but especially in the US, we see important differences. What makes Indian corporations different and impressive especially in this current climate is their extraordinary commitment to social goals that extend beyond the interests of their firms. And they do so while maintaining stunningly impressive financial performance. The Indian economy’s overall growth rate is second in the world. It is driven by major corporations, who are growing at rates of 20 to 40 percent per year, competing and winning in precisely the international markets where western countries sees their future: high-skilled service industries. Indian companies have been acquiring foreign companies, and when they do, the studies show those companies perform better.

My colleagues and I recently completed a study of Indian businesses based around interviews with the leaders of 100 of the biggest companies in India, sponsored by the National Human Resource Development Network. Every executive we interviewed described the main objective of their company in terms of a social mission. They expected to make money, but they expected to do so while doing good. They did not see doing good in an instrumental fashion, as a way to get into the wallets of consumers with a taste for progressive companies. In most cases, they are doing good in ways that have no direct impact on their businesses. In every case, they were able to pursue business in a context that helped society.

In the case of Bharti Airtel, for example, their business mission was to get cell phones into the hands of people who have no means to communicate; for ICICI Bank, it was to provide financial help to those with no access to banking; for Dr. Reddy’s, the pharmaceutical company, it was to address the healthcare needs of the poor the world over; for Infosys, it is to show that Indian business can lead in technology. Business strategy rests on the social mission. And the corporations put charitable money behind social missions at a level that dwarfs anything we’d see in the US: Sixty-five percent of the profits of the Tata Group companies, for example, go to charities. Infosys built and staffed entire hospitals in different regions of the country, rolling out a national curriculum to develop IT skills at the same time. Dr. Reddy’s provides for the healthcare needs for 40,000 children. The list goes on and on.

In the long run, these companies may do well because they are doing good. Helping poor people pays off when those people get money and become consumers, as millions of Indians have done every year. It also helps in a still regulated economy to get government permissions and approvals.

But the biggest factor, and the one that translates directly to every other employer in the world is that social mission creates a powerful means for motivating employees. We have long known that employees do much better when they see how their tasks contribute to the overall goal of the organization, and new research shows that the results are especially powerful when those goals relate to helping people. If you think your job is contributing to the saving of lives, you do it with a special urgency and enthusiasm. If you think the goal of the same job is to make shareholders rich, it is much less motivating. Other evidence suggests that a strong social mission makes it easier to attract and retain employees. Mission drives employee performance, which drives strategy, and in turn drives organizational performance.
A cynical observer might think that it would be easy to manipulate the perception of social impact. In the US, a series of television advertisements showed some life-saving intervention using, say, a piece of hospital equipment. The company sponsoring the advertisement did not make the equipment: They supplied some of the raw material used to make the equipment. No doubt the purpose was to create brand recognition in the consumer market, but would such an approach also motivate one’s employees? I doubt it. Employees need to see a very direct and straight-forward connection between what the business does and the social good. Even then, companies need to take that connection seriously or it will be lost.

A generation ago, most US business leaders saw their job as serving the needs of all stakeholders, not just shareholders. The more recent efforts to focus only on shareholders doesn’t appear to have worked well, even for shareholders. The Indian experience suggests that may be those earlier US leaders were onto something.
CORPORATE SOCIAL RESPONSIBILITY: ROLE OF HR

Prof INDIRA J PARIKH

Abstract

This article traces the historical journey of social responsibility and governance in India. The author argues that for hundreds of years social issues of hygiene, mass education and healthcare have not been addressed by our rulers. Education & Health facilities were available but accessible to only a few. Social issues have remained the same. However, the concept of social responsibility has evolved over time. Today the Government and corporates have a significant role to play and in particular the HR function can shape the external and internal environment.

About the Author

Prof. Indira Parikh is the Founder President of FLAME. Previously, she was the Dean of IIM-Ahmedabad from 2002 to 2005. She was a faculty member at IIM-Ahmedabad for over 30 years. She has also taught at INSEAD, Fontainebleau and Texas A&M University. She has specialized in organization development and design, and institution building. She has designed and offered management development programs for managerial role effectiveness, issues of roles and identity, and stress and self-renewal for men and women in organizations. She has been a consultant to various national and international organizations both in private and public sector. Prof. Indira Parikh is also on the board of several companies.

INTRODUCTION

Corporate Social Responsibility (CSR) and the role of HR can be understood within the larger context of culture, society, the nation and the world. The earliest manifestations of social responsibility have appeared as man began to live in groups. Some individuals had more and some had less. Some individuals had generosity and some individuals needed to share what they had with others as part of their personal, family and / or social values. Groups evolved and became tribes, who then grew into clans, and became communities. Communities became tied to territories and over time became kingdoms. With the growth of human collectivities, the social structure began to evolve and over time the socio cultural context became more complex.

To understand the concept of social responsibility more so in India, we need to turn back the pages of history to decode what the state administration and governance meant in the history of the country to give rise to the social issues or issues within the social sector of such magnitude in the present of India.
In the human context and human history, it is evident that for millenniums, the earliest groups were ruled by the chiefs, who were in occupation of some geographical spaces. Over time there was evolution of kingdoms ruled by kings and the queens to whom belonged certain territories. Once the kingdoms were formed and tied to the ownership of the territory or the geographical regions, the role of the responsibility of the subjects and their welfare rested with the kings. How the kings perceived their role and social responsibility of the subject was left to the individual temperament and or the guidance from his ministers. History is full of stories and tales of how good or bad the kings were with their relationships with the subjects and how they governed the territories.

As the society evolved, the roles and responsibilities of the chiefs, the kings and their ministers became clearly defined with reference to the administration and governance. Literature provides some salient features of governance. The most important being justice, security of the kingdom from outside invaders, protection of its subjects and encouragement of trade and agriculture to generate wealth and prosperity. The king was considered great if he built monuments, wells for water, encouraged handicrafts and textile and rewarded jewelers who crafted exquisite pieces for the royal household or for the wealthy of the kingdom. The king was also to provide food to the hungry that came for alms and to some extent shelter. However, beyond this there is very little evidence available whether any other major social issues were perceived as the role of governance and or administration. Wars were fought, battles were won and the territory was expanded. The king eventually came to be called the emperor with enormous power and wealth, which was for himself and his descendants with which he ruled the lands.

**GOVERNMENT AND SOCIAL RESPONSIBILITY**

Literature also provides evidence that at no point of time the governance of the society and the nation of India gave any significance to the education of all children, health of all its citizens by providing facilities of healthcare. Hygiene was a major issue. Lack of education, health and hygiene put together also contributed to the major issues of poverty. Indian society for more than five thousand years caught up in the caste system and the concept of ‘Karma’ and ‘Dharma’ left the issue of population, poverty, health, hygiene and education of masses to the individual lot and or destiny of people. The legacy of the past continues to haunt in the present. Government after government, decades after decades, the saga of deprivation of health, hygiene and education facilities to its citizens is carried forward.

The primary concern of any government on the social issues is for the citizens of the country. These are the security (law and order and judiciary), shelter (home), health and hygiene (medical facilities) and education (primary, secondary and higher education), employment and occupation. The secondary role and responsibility equally important and simultaneous is the economy, political, stability, global alliances, image and the response to technology with values and ethics. These are but a few factors of governance.

**Education:**

Education was for select few with fewer teachers who only taught the elite. There is a mention of two great universities Nalanda and Takshashila where legend and folklore sing songs of large population of students from across the world. There are many tales in epics and folklores of individual great sages who were great teachers. However, this education was
strictly for the identified caste community and families. Neither a common citizen had access to such education nor could a common man become a teacher or a student. Whatever learning there was, happened for the occupation from father to son and rarely to a daughter.

Health:

Health is the most primary concern for the well being of the society and for citizens of India. History does not refer to any scale of health facilities. Health concern and management had been on one-on-one who had the resources. There were great healers but for only those who could afford. Those who could not afford and did not have the resources went to the most ancient and traditional healers, some real some not so real, but governed by fear and dependent upon by faith. Individual healers, physicians (ayurved) moved from one generation to another by tradition. This was further reinforced by superstition and / or beliefs coming down from centuries.

As one can see, the task is mammoth and the magnitude is immense. However, there is no choice but to address these primary and secondary concerns of the society and the nation. The government also carries the baggage of millenniums and centuries of not having addressed these issues. History provides no clue as to when the country had focused and addressed the social issue of mass education, health and hygiene.

INDIVIDUAL AND SOCIAL RESPONSIBILITY

The social issues have remained the same over time and across the world. From these social issues of the society has emerged the concept of social responsibility. The concept of social responsibility also evolved with time and acquired many different forms. The individual concept of social responsibility is anchored in philanthropy and charity. Giving has always remained tied to the nature of the individual as well as wealth of the individual. The giving has had an additional value of doing the right.

THE CORPORATE SOCIAL RESPONSIBILITY

The concept of social responsibility linked to corporate is a phenomenon from the beginning of industrialization for around 200 years. In India the industrialization took roots about a hundred years ago. The concept of CSR is a more recent phenomenon of around 50 to 70 years. The concept of corporate emerged once the organizations grew to a certain size and physically separated from their location of producing goods. In the initial phases of setting up the organizations and the manufacturing units, the owners, enterprenuers and the management had work spaces within the premises of the manufacturing units. As the environment changed and the organizations grew, the management moved away from the spaces and places of manufacturing. Organizations created corporate offices and built their corporate buildings exclusively for themselves.

As the corporate prospered, the need to contribute to social issues of the society and the nation began to emerge, CSR began to be considered as an integral part of the organization. In this the contribution of HR began to play an important role and became associated very symbiotically with new policies of CSR. As the organizations grew in wealth, the individuals heading the organizations felt the need to contribute to the social sector of the city, state and the country. Individual philanthropists identified the sectors and then contributed as part of their personal responsibility. There are innumerable stories of individual sagacity and generosity where wealth was shared with the ones who did not have and needed the most.
As the organizations moved from single individual, entrepreneur, owner and family ownership to professional management, where the ownership was corporate, then the social responsibility focus also shifted to the collective or the organization. As the financial health of the organizations grew, there were external demands from the charitable institutions and individuals from the organizations to donate and or sponsor and or contribute to the causes of the social sector. Similarly, the government unable to cope with the increasing pressure of the issues of the social sector created and supported NGOs as well as encouraged the corporates to respond to the needs of the social sector.

This paper is not to judge or evaluate the role of the government of what they did or did not do, but to connect the magnitude of the social issues, which are now plaguing the country. These have now also become the issues of Corporate Social Responsibility. The role of HR to address these issues as part of the Corporate Social Responsibility is the baggage and the legacy left over for the past centuries wherein these social concerns of the nation have not been addressed. With growth, the concept of social responsibility began to take roots. The corporate social responsibility began to also acquire many sizes, shapes and forms. The interesting aspect is that the primary focus of the corporate as part of their Corporate Social Responsibility has always been directed towards education and health. Hygiene outside of the homes has remained one of the sorest points in a country like India, which has become no one’s responsibility. The government does not see itself as the provider, the industry does not see as its Corporate Social Responsibility and the individual citizen does not definitely see it as their role or responsibility. The big eternal question is whose responsibility is the education of the next generation, the health of the citizens and the living environment of the nation?

**ROLE OF CORPORATES AND HR IN CORPORATE SOCIAL RESPONSIBILITY**

Most countries have policies and guidelines to address social issues of the country. There are primary and secondary concerns and issues of the society, which become the primary roles and tasks of the various constituents. Table 1 depicts the primary responsibility of the various roles and systems:

<table>
<thead>
<tr>
<th>Government</th>
<th>Citizens</th>
<th>Hygiene, health, education</th>
</tr>
</thead>
<tbody>
<tr>
<td>NGOs</td>
<td>Sectoral</td>
<td>Employability, orphanages, income generation, women, water, hygiene, health</td>
</tr>
<tr>
<td>Corporates</td>
<td>Wider social concerns, Both primary and secondary</td>
<td>Employment Education – support to NGOs, craft, performing arts, income generation, health</td>
</tr>
<tr>
<td>Individual personal choices and preferences</td>
<td>Culture, societal – both primary and secondary</td>
<td>Donations to socio-cultural issues, children, education, hospitals – water, poverty, charity, philanthropy</td>
</tr>
</tbody>
</table>

Table 1

Primary and Secondary Institutional Social Responsibility
Health, hygiene, education are the key and primary issues of society and the country. These concerns ought to be the primary concerns of the government. However, these primary concerns are now partly held by the NGOs. Some of these concerns are now being also held by the corporate as part of the CSR. Corporates are getting more and more involved in the sharing of the primary responsibility of the society.

ROLE OF GOVERNMENT

The Ministry of HR must first recognize that the ministry has outgrown the concept of HR as it has existed and unfolded so far. The concept of social issues is linked to the entire citizens of the nation and their well being. This includes creating an environment where the citizens of the country can find security, certainty, justice, learning and health conducive for their growth through education and occupation. The role of HR in the social sector needs to be clearly redefined that is relevant for today and tomorrow.

If this broad concept is accepted then the role of corporate and within the corporate of HR would become enlarged. HR then would add to its function and role, the internal health and hygiene of the employees.

CORPORATES

To focus on health and hygiene means that besides the internal physical work environment, the environment around the corporate premises needs to be clean and free of debris and garbage. The roads around the organizations need to be free of potholes and pavements are needed for pedestrians and people. Each organization can create a geographical limit and educate and align with the municipalities to focus on cleanliness and clutter free roads.

HR

As of now HR is focused on the language of employability of students as soon as they enter the work places, rather than the responsive students who can adapt and respond to any challenges and opportunities offered by the organization. All that HR needs to do is build a bridge in the induction orientation program at the time of entry where the young recruit absorbs the work culture and task requirement of the organization.

For the rest of the people concerns, HR can address the eight thresholds of life at work, which can help the employees enter work organizations and transition back into their social roles and life with ease, dignity and grace.

ROLE OF HR IN CORPORATE SOCIAL RESPONSIBILITY

| External Environment       | • HR to align the corporate with the regulatory policies of the government |
|                           | • CSR in partnering with the social sector to contribute to the developmental issues of the country, the state, the city and the villages |
|                           | • There are the health, hygiene and education issues in and around the organizations. |
|                           | • Academia – Industry Interface - HR and academia can work together to design education with values for life |
|                           | • Contribute to encourage original and fundamental research |
For transformations to occur in an organization, there are several primary and secondary conditions that need to be in place.

1. CSR must clearly understand, identify and articulate the determinant driving force in both the external and internal environment.
2. CSR needs to prepare itself for that critical state across the levels when it starts to move from the state of inertia to a state of flow of energy and action.
3. HR must first identify the energy. It must then channelize it with innovative ideas, direction and alternatives, towards a destination and a vision for tomorrow.
4. Given a direction and shape, this energy energizes itself through multiple initiatives, which frees the energy to initiate actions, renewal, enthusiasm and sustained effort.
5. The role of the HR function is to tap that free energy to make CSR give results.
6. The HR function’s role is to mobilize the individual, collectivity and the government’s values, appropriate systems, mind sets of people, social vision and direction, strategies and policies and above all a coherence in excellence and in human processes.

In essence, the mindsets of individuals and collectivity need to change. It has to reach that criticality for social change to occur.

The criticality that will take away the inertia and release the energy.

NEW DIRECTIONS

- Language of HR needs to transform to articulate the values of life.
- Language of social responsibility to lead to action and transformation as a movement.
- Language of CSR needs to be rewritten and articulated so that both employees and masses contribute to the social evolution.
- Language of the government and the social sector approach needs to be redefined so that the country makes relevant choices and action initiatives for today and tomorrow.

CONCLUSION

In times to come, the role of HR is going to grow larger and of immense significance and value. HR’s role as an institution of creating a learning environment for life, to have a human face as well as to focus on excellence and growth of the organization.

HR needs to emerge as the pivotal role in the organization for the renewal of individuals and organizations, regeneration of human values and life, reenergizing the individuals and the organization (Corporate Social Responsibility). HR’s role is both external and internal identifying and responding to the real corporate social responsibility, which will help the country grow into a healthy, educated and a prosperous nation to be proud of.
HUMAN RESOURCE PROFESSIONALS AS SOCIAL CONSCIENCE KEEPERs IN THE BUSINESS OF WEALTH CREATION

Dr S PARASURAMAN

Abstract

In this article, the author elaborates on various approaches to Corporate Social Responsibility. The author has also outlined one of the recent innovations in CSR — working with “bottom of the economic pyramid” strategy. The author has exemplified how HR Professionals will assume the role of social analysts and how corporate philosophy and curriculum of business schools must change from the notion of profit maximization to creating wealth with human face.

Approaches to Corporate Social Responsibility

The dominant view is that, the main concern of the corporate sector is wealth creation and this concern is rooted in certain cultural values regarding free market, private property and the fact that wealth creation is good for society (Friedman, 1970; Friedman and Friedman, 1962). It is held that business operating in a free market is the best way to allocate scarce resources because, through such a process, society can achieve optimum benefits. This means that the satisfaction of all people involved in the situation is the greatest possible or, at least, the situation satisfies most of them without being detrimental for others. Here, shareholder value maximization is the supreme reference for corporate decision-making. Along the way, companies engage in philanthropic activities that enhance their value. Most often, corporate social responsibility (CSR) means providing some basic services to communities located closer to production sites. Mines, power, steel and other manufacturing industries focus on communities located around them by investing some human and/or financial resources.

CSR is a set of ad-hoc policies designed to address particular issues or to enhance the reputation of the firm. This form of CSR is perpetuated by the position that demands...
companies to prioritize the interests of shareholders above all others. Corporates use CSR as one means of pursuing profit maximization or, considering pressure from secondary stakeholders, deterring the loss of profits. The Government of India has stipulated that all public sector companies invest up to 2% of their net profit in CSR activities, though there is no clear understanding as to what constitutes CSR activities. It would seem, therefore, that while industries cannot afford to ignore the issue of CSR, they can continue to define it in whatever manner that best suits their interests. In the case of private sector industries, this directive is voluntary (DPE Directive, 2010).

One of the recent innovations in CSR is working with 'bottom of the economic pyramid' strategy. Traditionally, most business strategies are focused on targeting products at upper and middle-class people, though most of the world’s population is poor or from the lower middle class. India’s poor and vulnerable account for more than 800 million (Sengupta, 2008), while analyzing the India experience, Prahalad (2002), has suggested some mind-set changes for converting the poor into active consumers. The idea is to see the poor as an opportunity to innovate rather than as a problem. Certain strategies can serve the poor and simultaneously make profits. Disruptive innovations (Christensen and Overdorf, 2000; Christensen et al., 2001) are products or services that do not have the same capabilities and conditions as those being used by customers in the mainstream markets. As a result, they can be introduced only for new or less demanding applications among non-traditional customers, with a low-cost production and adapted to the necessities of the population. For example, a telecommunications company inventing a small cellular telephone system with lower costs, but also with less service adapted to the base of the economic pyramid. Disruptive innovations can improve the social and economic conditions at the "base of the pyramid" and at the same time create a competitive advantage for the firms in telecommunications, consumer electronics and energy production and many other industries, especially in developing countries (Hart and Christensen, 2002; Prahalad and Hammond, 2002).

There are strong interactions and connections between business and society with the industry wielding enormous power over the society and the state. It is held that business is a social institution and it must use power responsibly. The causes that generate the social power of the firm are not solely internal of the firm, but also external. Their locus is unstable and constantly shifting—from the economic to the social forum, and from there to the political forum and vice versa. Externalities are the social and environmental effects of business actions that burden or benefit others. In the case of externalities, another system of society, the political system should act. The political system must have the capacity to make the business confront these externalities through taxes, regulation and adherence to minimum package of rights. So, business is assumed to contribute to the welfare of society through the market mechanism and in compliance with the law. The social objectives and demands come under business consideration through the law applied by the political system.

An appropriate guideline for legitimate corporate sector behaviour is found within the framework of relevant public policy. Public policy includes not only the literal text of law and regulation, but also the broad pattern of social direction reflected in public opinion, emerging issues, formal legal requirements and enforcement or implementation practices (Preston and
Post, 1981: p. 57). This is the essence of the principle of public responsibility. In this view, if business adhered to the standards of performance in law and the existing public policy process, then it would be judged acceptably responsive in terms of social expectations. The corporate sector has worked to influence regulations that enhanced their ability to make profit through political contributions, lobbying, coalition building, and other means. Global and national processes have created policy and legal frameworks to make doing business in any part of the world predictable. Legal frameworks created by World Trade Organization (WTO) and its adherence at the national level has had implications to people and their environments.

Global and National Laws and Regulations that externalize Social and Environmental Costs

The WTO’s rules and regulations to facilitate global trade often compromise social and environmental rights of the people. The WTO is rapidly assuming the role of a global government representing the rules-based regime of the policy of economic globalization. It seeks to remove any obstacles in the path of operations and expansion of global business interests. In practice, these 'obstacles' are usually policies or democratic processes that act on behalf of working people, labour rights, environmental protection, human rights, consumer rights, social justice, local culture and national sovereignty. The legitimacy of the WTO has been questioned by several states, especially from the developing region and by people's organizations (Koshy, Ninan 2001). The dismantling of barriers to trade and capital flows has made way for the unhindered mobility of commodity and capital (both financial and real) across national boundaries. Faced with competition at the global level, firms in the formal sector of developing economies are engaged in a battle of competitive cost cutting. They are increasingly relying on outsourcing of production processes to informal units where wage costs and costs associated with complying with labour and environmental standards are considerably lower (Sanyal and Bhattacharya, 2009).

Economic Policy Instruments that Undermine Peoples’ Right to Resources and Livelihoods

Economic policies often had elements that undermined the State’s ability to protect specific aspects of human rights. For instance, the Government has devised several forms of economic activities to facilitate growth, and one of them is a Special Economic Zone (SEZ). A Special Economic Zone (SEZ) refers to a totally commercial area specially established for the promotion of foreign trade. It is a geographical region that has economic laws more liberal than a country’s typical economic laws. Usually, the goal is expansion in foreign investment. The SEZs are specifically delineated enclaves treated as foreign territory for the purpose of industrial, service and trade operations, with relaxation in customs duties and a more liberal regime in respect of other levies, foreign investments and other transactions. They have their own adjudicating, enforcing and administering agencies. Therefore, it implies absolute non-interference by the State. They are entitled to 100% tax exemption and relaxation from following strict labour laws. To facilitate SEZs, the State and Central Governments have put in place mechanisms and processes for land acquisition, tax exemption and relaxation with regard to environmental, social and labour laws. A review of SEZs by civil society organizations concluded that SEZs across the country have entailed serious
violations of the Constitution, laws, and procedures laid down by the government itself, and of peoples’ rights (Peoples’ Commission on SEZ, 2010).

**Non-Observance of Environmental and Social Rights of the People**

One of the major problems involving projects that require lands, forests and other natural resources is the livelihoods and culture of the people. Often, projects are cleared without addressing the social, economic and environmental concerns of the people. For instance, the Niyamgiri Bauxite mining project was given initial environmental clearance even while it was clear that the project had violated environmental protection act, forests rights of the people, and did not follow democratic decision-making processes mandated by the 73rd Amendment to the Constitution (Report of the Four Member Committee 2010). All these facts were known in 2008. However, the Supreme Court in its August 2008 order *(Equivalent Citation: (2008)9SCC711)* mandated formation of Special Purpose Vehicle for Scheduled Area Development of Lanjigarh Project in order to ensure implementation of proper schemes for the development of the tribal area. Under the Order, the Supreme Court suggested a Rehabilitation Package under which, apart from NPV, SIIL is also required to deposit 5% of annual profits before tax and interest from Lanjigarh Project or Rs. 10 crores per annum, whichever is higher, to provide benefit to the displaced people and project affected area. There is a fundamental problem in the notion and acceptance of the state parties that basic rights of the people to habitat and livelihood and adherence to laws of the land can be compromised to facilitate economic growth by promising welfare programs for the people and the region through contribution from the company. The industry and business must adhere to social and environmental laws of the nation, and CSR cannot compensate for the irreparable loses people and environment suffer.

**Economic Growth and Widening Disparities**

The role of industry and business in the Indian context is very different from other parts of the world. In a social, political and economic context that provides highly iniquitous access to basic needs of the people, business and industry processes should not further accentuate the inequities. The post-economic liberalization context points to entrenchment of deprivation for a significant proportion of India’s population. The Indian economy is now the 12th largest in the world by market exchange rates and the fourth largest by purchasing power parity (PPP) basis. India achieved 9.6% real GDP growth in 2006, 9.0% in 2007, and despite the financial crisis, an impressive 6.7% growth rate in 2008-2009. Though India ranks second worldwide in farm output and employs 52% of the total workforce, agriculture and allied sectors accounted for only 16.6% of the GDP in 2007. Agriculture will continue to play a major role in the overall socio-economic development of India.

After examining the nature and extent of poverty, the GoI established National Commission for Enterprises in the Unorganised Sector, concluded in its final report to the Prime Minister that:

an overwhelming majority of the Indian population, around three quarters, is poor and vulnerable and accounted for 836 million people in 2004-05. This includes 70 million or 6.4 per cent of the population who may be characterized as extremely poor with a per capita
consumption of less than or three-quarters of the official poverty line. Another 167 million are poor with consumption less than the official poverty line. If we include those with a per capita consumption of up to 25 per cent above the poverty line, called marginally poor, adding to another 207 million. These three groups account for 444 million or 40.8 per cent of the population. If those with a per capita consumption between 1.25 and two times the poverty line are added, the number of poor and vulnerable in the country comes to 836 million or well over 75 per cent of the population. Social identity of individuals is very closely associated with poverty and vulnerability. The two social groups that are most vulnerable are the SCs and STs, and the Muslims. This does not mean that the other groups are far better off. The next group is the OBCs, but better than the two bottom layers.

People and Areas to be Attended to in the Expanded Notion of CSR

1. People bearing the costs of externalization of social and environmental aspects through outsourcing manufacturing and business processes (eviction of labour from the formal sector by outsourcing). In the traditional production processes, this group of workers should have been under the purview of HR to safeguard their social and economic rights.

2. People evicted from lands, resources, skills and livelihoods through land acquisition for mining, establishment of industries, real estate, urban expansion and others. Internal displacement caused by irrigation/mining/industrial projects is a major cause of distress and social oppression among the poor, especially the adivasis. The law and administration provides no succour to displaced people, and in fact often treats them with hostility since such internally displaced forest-dwellers tend to settle down again in some forest region, which is prohibited by the law. The Naxalite movement has come to the aid of such victims of enforced migration in the teeth of the law (Expert Group to Planning Commission, 2008).

3. People evicted from lands, resources, skills and livelihoods due to land and water pollution, encroachment of forest and agricultural lands. This group of people are not part of affected people under (2), but are affected due to industrial/mining activities and receive no compensation or rehabilitation.

4. There are about 210 million Indians (in addition to those classified as poor) who are acutely vulnerable to poverty and deprivation. Privatization of health care, education, patenting in medicine, ‘bottom of the pyramid’ business intervention that divert peoples’ scarce resources from basic food to non-food items, and other measures have enhanced vulnerabilities of people to poverty.

5. The Union government has identified 60 districts in seven states that are affected by left-wing extremism. Of these, 15 are in Orissa, 14 in Jharkhand, 10 in Chattisgarh, 8 in Madhya Pradesh, 7 in Bihar, 2 each in Maharashtra and Andhra Pradesh and one each in West Bengal and Uttar Pradesh. Eighteen more districts are being considered for inclusion, as an overwhelming majority of these districts have substantial population of tribal communities with significant area under good quality forest cover. A large number of these districts are rich in minerals like coal, bauxite and iron ore (Ramesh, 2011). Intense
conflict in these districts is linked to extraction of minerals and forest produces with significant implications to industry and economic growth.

The DPE Guidelines on Corporate Social Responsibility (Department of Public Enterprises, Government of India, 2010) mandating Public Sector Enterprises to invest 2% of their net profit in improving condition of the people is a complimentary measure to several social protection measures (MGNREGA, National Rural Livelihood Mission, Right to Food, Old Age Pension, Disability Pension, and others) developed in rights framework to address poverty and vulnerability among a large number of tribal, rural and urban population. Private sector enterprises are not covered by the DPE Guidelines, but most of the large enterprises have CSR engagement and are mandated to report their activities.

HR professionals can play an important role in business processes and wealth creation by being social conscience keepers. The necessary conditions would include the following.

HR function assumes the role of social analysts - ability to analyze and understand social, economic and political processes at the macro and micro context and how people are impacted. Ability to analyze social and economic impact of business operations – new and ongoing ventures – on people and environment in the core, periphery and extended areas. It is unlikely that any radical revision of corporate social responsibility will emerge from organizations given how this discourse is constructed at higher levels of the political economy. For any radical revision to occur, a more critical approach to organization theory is required and new questions need to be raised not only about the ecological and social sustainability of business corporations, but of the political economy itself. Radical revisions at this level can only occur if there is a shift in thinking at a macro level. HR function can open up new spaces and provide new frameworks for organization-stakeholder dialogues as well as critically examine the dynamics of the relationships between corporations, NGOs, governments, community groups and funding agencies. Contemporary discourses of organizations and their stakeholders are inevitably constrained by ‘practical’ reasons such as the profit-seeking behaviour of corporations (Trevisano and Weaver, 1999). The notion that societal interests are reshaping business practices may not be correct. Analysis on the external context to inform business would be coming from consultants who are part of the political economy paradigm. Independent and critical thinking HR is required in order to comprehend external social and political world from the perspectives of the people. For this to happen, the corporate philosophy of the businesses must change and curriculum of the business schools must change – from the notion of profit maximization at any cost to that of creating wealth with human face. The debate must start now.

REFERENCES:
Christensen and Overdorph, 2000
Christensen et al., 2001
DPE Directive, 2010
Expert Group to Planning Commission, 2008
Friedman, 1970
Friedman and Friedman, 1962
Hart and Christensen, 2002
Koshy, Ninan 2001
Peoples’ Commission on SEZ, 2010
Prahalad 2002
Prahalad and Hammond, 2002
Preston and Post, 1981: p. 57
Report of the Four Member Committee 2010
Sengupta, 2008
THE SCOURGE OF ‘SMALL’ MEN AT THE TOP
IS THERE AN ANTIDOTE?

Dr J SINGH

Abstract

The author talks about the sorry state of a lot of international and national federations that have crumbled recently because of the corrupt practices of the leader at helm. This all starts due to faulty selection of a leader. Hence, an organization should be very careful in selecting the right leader. The key ingredient of a successful leader has always been and will be professional competence and integrity.

About the Author

Dr. J. Singh is currently Professor of Organizational Behavior and Chairman of International Relations at XLRI Jamshedpur. He earlier served in various capacities in the HR Division of Tata Steel. He obtained his Ph.D. from Wharton School (University of Pennsylvania).

An unceasing flurry of sensational disclosures about malfeasance in government, as well as in high-profile companies such as Satyam, Enron, and Lehman Brothers have shattered an old myth about top-level leaders serving as trustees of their stakeholders. The common man on the street is left wondering if many who have managed their way to the top are not really “small men” masquerading as leaders: opportunistic, greedy, and without scruples. Instead of working wholeheartedly for collective benefit, they appear to be more preoccupied with their selfish pursuits and their mad megalomania.

After initial amusement with these titillating disclosures, one cannot avoid a few fundamental questions: How come such large, resourceful organizations made such bad choices of leaders? How are they entrusted into the hands of unscrupulous impostors with utter disregard for the law and managerial propriety? Have we fallen into the habit of selecting the wrong people for leadership roles? These haunting questions must compel us to reflect on the way we select people for key appointments and the qualities we seek in them.

The Common Pitfalls

Selection at any level is a crucial issue. Choices made at this stage have long-term implications. Anyone chosen to fill a vacant position will directly affect the morale, behaviour and performance of all the people around him throughout his tenure. The right person will deploy his leadership...
skills to steer the organization in the correct direction and galvanize the team members into enthusiastic action to achieve extraordinary results. On the other hand, if the choice falls upon the wrong candidate, he will only lead those following him astray. His poor leadership will frustrate them for as long as he is around.

One would, therefore, expect selection to be decided objectively on the basis of merit alone. Unfortunately, however, it is not always so. In reality, several other considerations influence the selection process and determine who is eventually entrusted with the responsibilities of leadership.

**Search for clones:** Individuals with exaggerated self-images have a pronounced weakness for those who resemble them. Hence, they tend to look for their mirror images, or clones. Whoever comes closest to being a perfect match is selected. The claims of other candidates, regardless of their worth, are overlooked in the process.

With a clone around, one feels reassured that everything is in safe hands. There will be no deviation from the tried and tested course one already set; there will be continuity and stability in the foreseeable future.

This line of thinking is often a thinly disguised subterfuge for wanting to indirectly perpetuate one’s influence through the medium of the clone.

**Preference for ‘show-horses’:** In a world that believes that image is worth everything, show-horses are prized more than work-horses. As a result, those who toil sincerely but quietly, make little impression. Their efforts are taken for granted. At best, they are rewarded with more work. In contrast, the ones who receive attention are those who have mastered the art of self-promotion. It seems more expedient, therefore, to spend greater effort on amplifying and projecting one’s achievements — no matter how meager — than on thankless labour itself.

**Personal ambition mistaken for leadership:** Ambition tends to be double-edged. Its positive side is responsible for diligence, extra effort, aiming high, and the passion to excel. However, its darker side compels one to attempt winning at any cost, and by any means. In Shakespeare’s words, “lowliness is young ambition’s ladder”. So, overly ambitious individuals are often deviously Machiavellian in their ways. They are given to clever maneuvers, politicking, back-stabbing, intrigues, assertiveness bordering on aggression, and deception in order to get ahead. Their path to the top is littered with the ‘corpses’ of those who unwittingly came in their way. Yet, they are mistaken to be achievement-oriented go-getters.

**Nepotism:** Though ownership and management are now generally regarded as independent concepts, in many family-promoted businesses, they are closely intertwined even today. Thus, ‘owners’ (or principal shareholders) take active, hands-on interest in the running of their businesses. Many members of the promoter-family hold key positions. Though it may be an unwritten rule, it is clearly understood that they are on a reserved fast-track to the top. Blood
relationship, not professional merit, is what matters. This policy may help maintain family control over a business – but is a disincentive to truly meritorious individuals. It is also perhaps responsible for the decline of family-run businesses after the second or third generation. For the same reasons that mature democracies have discarded dynastic succession in politics, business enterprises too must eschew it. Management must be entrusted to those who are best qualified for it – irrespective of whether they are from the same family or not.

Regardless of which of these errors of judgment is responsible for catapulting an undeserving candidate to a position of responsibility, the consequence is the same. It is almost axiomatic. When a ‘small’ person is installed in a high place, he does not rise to the occasion and behave in a manner befitting his acquired status. Instead, he remains true to his character and continues with his small-minded ways. Out of habit, he will only see a golden opportunity to satisfy his base instincts — not the call to fulfill his responsibilities. He will abuse his power to gratify his selfish interests at the expense of organizational interests. Or else, he will not know which way to lead the team — for want of adequate capability.

The Essential Profile of a Leader

Genuine leaders are the surest guarantee against fraud and misconduct.

What should decision-makers look for in leadership candidates? It is easy to run up a long list of desirable managerial qualities such as vision, charisma, decisiveness, results-orientation, and interpersonal skills. In fact, one could pick out all the virtues from the dictionary. The decision is then a simple one: pick whoever has the maximum number of these virtues. The literature on leadership is voluminous. Instead of swelling it further, the purpose of this piece is to simplify leadership and to reduce it to its skeletal framework. What are the most basic and essential requirements of leadership?

Leadership has three essential ingredients. Their presence together is a necessary and sufficient condition; anything additional is like icing on the cake — capable of enhancing the quality of leadership. Hence, at the crucial time of selecting a person for a leadership role, we must ensure that he possesses at least these three pre-requisites. There should be no compromise on these elemental ingredients.

Professional Competence: Every job requires some contextual knowledge and experience. If they are present in the right measure, one can comprehend properly the complexities of the job and lead others confidently. Without the requisite background, however, one will have great difficulty understanding a problem in the first place; thereafter, one will not have the relevant expertise with which to deal with it. As a result, one will either grope around in the dark — or end up depending on others to give direction. In the process, one will lose respect in the eyes of one’s subordinates.

There is more to competence than know-how. There must be evidence of successful application. Examining one’s ‘track-record’ yields a reliable measure of the application component of competence. How often and consistently has the candidate demonstrated his ability to lead a group towards exceptional performance? If there are sufficient examples of successful application in the past, it may be safely presumed that he has the potential to demonstrate leadership in future also.

Note that professional competence is not limited to technical know-how and skills only. It includes leadership — or the ability
to take individuals, form them into cohesive teams, inspire them with a vision, and energize them into spirited action. Most of the time, it is easy to tell a leader: he has a phalanx of willing followers behind him.

**Drive:** Competence is the ‘raw material’ that a professional brings to his job. What he makes out of it depends on the second essential ingredient of leadership: his drive, passion, burning desire to excel; his energy level at work; or what in sporting parlance is referred to as the ‘killer instinct’. It is quite possible to have the first ingredient — but not the second. In that event, competence remains inert. But when it is coupled with drive, we get action. The latter performs the role of a starter or dynamo in an engine. It triggers the machine to life.

Drive manifests itself in the form of initiative to take on responsibility and to ensure successful completion regardless of the obstacles in the way. People with high initiative do not wait to be told what to do or how to do it; they take charge immediately. If they encounter any problem along the way, they do not wait for help; they find their own solutions. A relentless quest for excellence is the distinctive hallmark of people with drive. Even after successfully overcoming external challenges and achieving their goals, they show no complacency. Instead, they set higher personal standards for themselves. In essence, they compete against themselves — to improve upon their own records. Drive is also associated with competitiveness and assertive behaviour. Individuals with high drive do not yield easily. They hold their ground, and compete vigorously. They enjoy challenge and like winning. Their track-records are replete with creditable accomplishments. They have a reputation for being result-oriented.

**Integrity:** In an era in which success is all that seems to count, not how it is achieved, integrity may appear as an old-fashioned virtue. Many may deride it as incongruous in a discussion of modern management. However, if there is one lesson we must learn from the scandals in recent years, it is that integrity must be repositioned as the bedrock of leadership in future. No company can claim excellence unless its management is based on a set of non-negotiable values. Integrity is all about consistent compliance with such values.

The need of the hour is for genuine, abiding integrity in practice — not just lip-service to it. Integrity is multi-dimensional. Several meanings can be assigned to it:

1. In its simplest form, it is synonymous with telling the truth. A true leader communicates what he knows and feels honestly. He does not disguise or misrepresent the facts with the intention of misleading others. Implicit in this type of integrity is the courage to voice one’s opinions when necessary — rather than to keep quiet out of fear of retribution. Silence at times can constitute intellectual dishonesty.

2. Integrity implies consistency between what one professes and what one actually practices. It is dishonest to pay lip-service to a set of values in public — and to behave otherwise in private. Those who do so run the risk of being discovered and embarrassed as a result. Upon discovery, they stand to lose all their credibility in the eyes of their followers.

3. A leader of integrity is expected to ‘look out of the window’ and apportion credit for work well done among the rightful claimants. When he does so, he energizes them to do even better the next time. In real life, however, we encounter countless ‘small’ men in
leadership roles acting like petty thieves. They abuse their power to snatch credit from their hapless subordinates. While they may look good as a result, the damage to the morale of their team-members is immense. The long-term effect is devastating.

4. When things go wrong, a true leader assumes responsibility himself (‘looks in the mirror’). He does not mount a witch-hunt to find and execute scapegoats; instead, he shields his followers from undue blame.

5. Life in an organization is now often described as a ‘rat race’. Everyone in it is engaged in a cut-throat scramble to get ahead. The competition is so intense that all means, fair or foul, are considered legitimate. Tripping and back-stabbing are regarded as common tools of survival. Under these circumstances, we are faced with a choice: to become a part of the rat race or to insist on the rules of fair play being observed. Integrity demands that we opt and fight for the latter course of action; it does not permit us to adopt the dog-eat-dog methods that have become so common.

6. Leaders of integrity are expected to be scrupulously fair in their decisions regarding people. Who to hire, reward, or promote? Objective merit forms the sole basis for such decisions; there is no scope for personal biases or extraneous influences. These leaders are steadfast in their pursuit of meritocracy.

7. The courage to invite feedback, and the strength to accept it with equanimity even if it is critical, is another distinguishing characteristic of upright leaders. They do not indulge in recrimination and spiteful vengeance.

8. Gandhi, an epitome of integrity, enjoined leaders to regard their positions as trusts held on behalf of their stakeholders. All their actions should be motivated by one concern: would they add to the common good? Under this notion of ‘trusteeship’, the biggest taboo is against misappropriation of any corporate resource for private gain. Yet, even well-paid executives seem to find it extremely difficult to keep their hands out of the till. They treat company planes and guest-houses as private property; they charge every conceivable pleasure to their expense account. They find one clever way after another to siphon investors’ funds and corporate assets for themselves.

9. A subtle form of integrity requires us to give to others, especially those lower in rank, the same kind of respect that we demand of them. Such leaders display humility and self-esteem at the same time. This combination allows them to show due respect for others.

10. The highest form of integrity is ‘selflessness’. After accepting the mantle of leadership, one is expected to subjugate one’s own interests to that of the common good. Leadership is about personal sacrifices and service to others—not self-aggrandizement as is the wont of the narcissistic self-styled leaders we so often encounter.

Integrity in management has the same function as the steering wheel or brake in a car: to guide it in the correct direction and prevent it from any accident. Just as it is unsafe to drive a vehicle unless its controls are functioning properly, it is dangerous to leave the fate of an organization in the hands of a management lacking in integrity.
Integrity Checklist:

Here is a checklist that may help in assessing one’s integrity level. How consistently does a leadership candidate:

1. Says what he means, and means what he says?
2. Reports his performance accurately (i.e. without cover-up or exaggeration)?
3. Shares vital information with those who need to know?
4. Competes fairly and according to accepted norms?
5. Supports colleagues (rather than bad-mouth them behind their backs)?
6. Gives the same respect to others as he demands of them?
7. Gives credit for work well done to the truly deserving (rather than misappropriating it from them)?
8. Owns responsibility for his personal, or his team’s, failures— rather than blame others?
9. Shows care and concern for the legitimate expectations of various stakeholders (customers, suppliers, governmental agencies, etc.)?
10. Handles company resources with the rectitude of a ‘trustee’?
11. Develops the people under his charge (rather than use them merely as pawns and then discard them)?
12. Plays for team (rather than personal) interests?
13. Demonstrates honesty in financial matters?
14. Speaks well of the company (rather than run it down in front of strangers)?
15. Makes people-related decisions (e.g. selection, increments, promotions, job assignments, etc.) on the basis of merit— rather than favoritism?
16. Invites feedback for self-improvement (but not react vindictively against those who, in good faith, give negative feedback)?
17. Promotes team cohesion and collaboration (rather than employ divide-and-rule tactics)?
18. Discourages sycophancy?
19. Has the courage of his convictions to voice his views honestly (rather than sugar-coating them to appear more populist)?
20. Takes a principled stand (rather than acquiescing, abetting, or turning a blind eye to the misdeeds of others)?

The Importance of Synchrony

These three elemental leadership qualities are like gears meshed together. To function efficiently, they must be synchronized. Each quality must complement the remaining two. Otherwise, they will obstruct or undermine one another.

When selecting a leader, therefore, we must ensure a proper balance among the three qualities and guard against disproportionate strength or weakness in any one of them.

In real life, however, we seldom find them in perfect synch. There are differences in the relative strengths of the three qualities in most individuals. As long as these differences remain within a narrow tolerance band, one’s leadership may still work. But when the imbalance becomes very pronounced, leadership is severely impaired.

- Consider, for example, the person who is very strong on competence, but relatively weak on drive. Because of insufficient energy and enthusiasm, he will be unable to fully exploit his expertise to accomplish results; it will remain inert.
- If, on the other hand, we have a person who is very strong on drive, but weak on competence, he is likely to rush headlong into ill-conceived action.
• Lack of sufficient expertise undermines a leader’s ability to make quality decisions. This handicap neutralizes his strength in drive and integrity.

• If there is high competence and drive, but not enough integrity, we have the seeds of a valueless leader. He is likely to use his strengths to achieve his objectives with little concern for the propriety of the methods used. Therefore, integrity must temper competence and drive.

• If integrity is very high, and is not balanced by competence and drive, we are likely to have a saintly figure incapable of getting anything accomplished.

In view of the fact that these three leadership qualities do not exist in ideal proportions in most people, we often have to make sub-optimal choices. The acid test of good selection is to end up even under these circumstances with a candidate who is likely to do justice to his position — rather than abuse it. The chances of success will be higher if we are clear about where, and to what extent, we can compromise on our essential requirements.

There is a simple thumb rule that should guide us. It is easier to compensate for marginal deficiencies in a leader’s competence or drive level than in his integrity. Any deficiency in any area is for sure a handicap. But there are ways of neutralizing those in the area of expertise and drive. The leader who is relatively weak in these two areas can surround himself with highly competent and action-oriented individuals. All that is required is the ability to tap their strengths. Collectively, they can more than compensate for the leader’s shortcomings.

But if a leader’s integrity is suspect, it cannot be compensated for by the honesty of others. Lack of integrity in a leader is like a cancer. It spreads and destroys everything around it. A corrupt leader, armed with all the powers of his position, will find ingenious ways of corrupting even the incorruptible among his subordinates. He will cause long-lasting, almost irreparable damage to the soul of his organization.

**Does Integrity Pay?**

Skeptics nod their heads appreciatively at the talk of integrity but protest loudly that it is impractical in practice. It does not translate into higher profits. Therefore, they prefer playing the game as roughly as others play it.

But there is substantial hard and convincing evidence that companies that have a sustained record of excellence also have more value-based leadership than their counterparts. Just reflect on the enduring companies of the world — the ones that have withstood the test of time and have weathered numerous business cycles and challenges. Their history does have a common characteristic: the quality and style of their leadership and their core values.

Integrity is therefore not simply for the birds; it makes good business sense. It is the bedrock, or foundation of leadership. It is the starting point of good management, competitiveness, and corporate excellence. Add to it a right dose of professional competence and drive — and we get a very potent combination of leadership skills. If we want to prevent Satyam-type disasters in future, it is imperative that we entrust organizations to true leaders — rather than to the small men we have preferred so often in the past. There is still merit in the old adage about reaping as one sows.

This article is an adaptation of his article titled “Impostors Masquerading As Leaders” (Journal of Business Ethics, Springer 2007)
BUSINESS AND SOCIETY IN THE TWENTY-FIRST CENTURY — BEYOND CSR

ANAND G MAHINDRA

Abstract

Anand Mahindra shares his perspective on a new organisational prototype – the purpose driven organisation driven by the creation of shared value – being the need of the changing world we live in. He illustrates how Mahindra and Mahindra has put this into action and how the HR team has worked with business, using business processes, to ensure that social good and profits are two sides of the same coin. Mahindra believes that when the interests of all stakeholders are in sync, delivering the triple bottom line is a cinch.

About the Author

Anand G. Mahindra, Vice Chairman and Managing Director of Mahindra & Mahindra Ltd. graduated with Honours from Harvard College, Cambridge, Massachusetts, in 1977. The Mahindra Group is a US $14.4 billion organization, and one of India’s top 10 industrial houses. Mahindra has evolved into a socially and environmentally responsible global federation of companies with a leading presence in each sector in which it is present. Anand frequently shares his views and ideas on the Indian economy and business through his writings in some of India’s leading business magazines.

Business has long recognised the power and influence it wields, and has in many instances, used this for the betterment of the environment it inhabits or the communities it interacts with. Indian business has had a tradition of doing this, starting in the late 1800s when Jamshedpur was set up by Jamshetji Tata, continuing with the 'factory townships' built by the Birlas, Singhaniais, Jindals and many others where schools, hospitals, roads, gardens, clubs, and centres for art and culture are created on previously barren land. The American economist Howard Bowen in the 1950s termed this 'Corporate Social Responsibility', and in recent years this feel good mantra has been embraced worldwide. Rural development, education of tribals, preservation of monuments - the interest, money and energy poured into 'doing good' is then captured in glossy balance sheets and shared with shareholders and other stake holders. Cheque book philanthropy at one end, and high involvement employee volunteering programs at the other, reflect a desire to 'return' something to society, whether in cash or in kind.

However, until now, this has largely been seen as philanthropy, or giving back, a feel good gesture, rather than an intrinsic part
of doing business. I would like to argue that the time has come for a shift in perspective. Today, creating value for all stakeholders, including the wider community, is what will distinguish the successful business of the 21st century, from the unsuccessful one. Businesses that don’t create social value in the process of making profit will quickly erode their brand, and lose the trust of the public. So I question the view that business needs to separately ‘give back’ in the form of charity or ad hoc CSR programs. Business and social good have to be inextricably linked, for business to be successful.

I think there is an outcry across the world for businesses to be more alive to issues larger than their profits, especially after the big bad wolf image that business earned during the recession. There is a huge and growing credibility and trust gap on the part of business today, which is not good for business or for society. At a recent meeting of the Singapore Economic Development Board that I attended, many CEOs, including CEOs from large and consistently successful American corporations, talked of the importance of becoming a purpose driven corporation. I think they are getting the message and smelling the coffee.

So I don’t see this as just an Indian opportunity. It is something that businesses around the world will have to adopt. But I see this as a particularly significant opportunity for India, because of the circumstances in which we operate. India is one of the world’s most high potential markets today, bursting with opportunities arising out of its size and demographics. We have a growing middle class. We have flawed but nevertheless working institutions. We have a reasonably mature democracy, which is unlikely to face an Arab Spring kind of situation. We have durable demographics, where we will have a younger population for a much longer period than China, or almost any other country in the world. And, along with these factors is the aspirational population. The youth of India are willing to change, willing to try new things. This makes India a very exciting market, with a very real opportunity that excites me.

On the other hand, there is the backward nature of our local economies. Extreme levels of poverty are sometimes overlooked in all the euphoria about India - but they exist. That’s the bad news. The good news is that they exist, but by tackling these issues, businesses can do well and do good at the same time. That is what excites me - not just the numbers, or the percentages, but the opportunity that we have to put a new prototype into play, - a prototype which could be applicable across the world. This prototype is fashioned around the concept of ‘shared value’, as defined by Michael Porter of Harvard Business School. This idea postulates that in future, CSR and giving back to the community, will not be an add on; instead it will actually be an integral part of how you do business. For Indian business, using a business model that is based on the shared value concept, presents an enormous opportunity to make a major social impact while making profit.

It made me smile when I heard those American CEOs talking of purpose driven organisations, because I suddenly realised that many of us in India – and certainly in the Mahindra Group - are ahead of the curve. There are already great examples of Indian businesses creating shared value. Amul Cooperative Society transformed a milk starved country through the White Revolution to one where Amul dairy products, milk, cheese, icecream, chocolate, are world class. Consumers benefitted, and so did the milk producers and the communities around them. Fabindia’s unique business values - of being a
profitable retail platform while also creating a community-led supply chain consisting of over a lakh of artisan shareholders set a high standard of vision, innovation and social commitment. By creating a Community owned Company with artisan share-holders and directors, Fabindia has significantly impacted sustainable livelihoods in the rural sector, while helping FabIndia become one of the largest private platforms for products that are made from traditional techniques, skills and hand-based processes. It can be, and has to be, done.

In our Group, purpose is embodied in everything we do, in the form of the word RISE. We believe that fundamentally, we are going to have to become a purpose driven organisation, version 2.0, because we are co-creating businesses with society. Our businesses will help us rise and help our stakeholders and communities rise with us, by driving positive change in their lives. And if you believe, as we do, that being a purpose driven organisation will significantly contribute to the long term success of a business, then India is one of the biggest playgrounds in the world for creating shared value.

How does this translate into nitty gritty business? Firstly, this culture and mindset affects our portfolio choices. Rise gives us the filter through which we pass all our strategic decisions, and tells us, which businesses we should be getting into, and how we should be running them. Secondly it creates greater employee engagement because it gives meaning to work. People see themselves as working for something larger than promotion, profit or even the company itself – and that is a very powerful motivating factor for giving of their best. It gives meaning to people’s lives because they see Rise really translating into everything they do. And thirdly, it makes us see the customer in an entirely new light.

We perceive the customer now, and hopefully, the customer will eventually perceive herself, as being the co-owner of the company, not a person to whom goods and services are to be transactionally sold. Whatever we do has to impact the customer’s life positively. In short, we will move our business from the transactional to the transformational. We are seeing that creating shared value is a powerful business strategy, that in the long run, can deliver everything required for the triple bottom line – it can create brand equity, employee loyalty and productivity, corporate performance and profit, customer loyalty and social good...

Let me give you some examples of how the clearly articulated Rise purpose impacts the way we decide to go. Most farmers in India cultivate 5 acres or less. Traditional tractors are both too large to be useful and too expensive to buy. This led our engineers to come up with the Yuvraj 215, a small tractor designed specifically for farms of 5 acres or less. Priced near the cost of buying and feeding a pair of bullocks for a year, the Yuvraj 215 is sparking a mechanization revolution in rural India and selling faster than we can build them.

This is not just brand building. This is an example of how the imperative to rise has guided the expansion of our business into new markets and new strategies. It has also created an opportunity for us, both in India and in the world, to lead businesses towards sustainability, and cause people to drive positive change.

Another example also comes from the Farm Division. With males moving to cities for jobs, the role of women is fast changing. The shortage of male manpower on the fields, has increased the need for mechanization through tractors. In a path-breaking initiative the customer care
department of the Farm Division of Mahindra, in association with Dr. U Jaikutumaran of Kerala Agriculture University, piloted the ‘Lady Tractor Drivers Training Program’. They trained ladies to handle and maintain tractors with implements, and empowered women to enter yet another male dominated bastion. This program has created a new source of income, confidence, and a spirit of entrepreneurship in the village women. More than 1147 Lady Tractor Driver Training Programs have been held across the country - in Tamil Nadu, Kerala, Andhra Pradesh, Maharashtra, Uttar Pradesh, Haryana, Madhya Pradesh, Gujarat and Bihar. Again, it’s a win- win situation. We get more customers, women are empowered, the idea has a ripple effect as it spreads to dealers and other villages, and social good along with profits, results.

To give a directly HR related example, let’s look at the impact of Rise on employee engagement. In common parlance ESOPs means employee stock options, in the Mahindra Group esops stands for Employee Social Options Program. At Mahindra, we engage employees both directly through business goals with a social connect and through volunteering programs like ESOPs - Employee Social Options. Employees are encouraged to volunteer for a menu of activities that impact the wider community. The same business process used for core business choices is employed by HR in designing volunteer opportunities. Hence the volunteer programmes have high relevance to employees’ work life and culture, helping to make volunteering a “natural fit” for the company. Employees generate ideas for projects that meet the needs of underprivileged communities in and around their place of work. They plan, and implement each activity, and monitor results. Group wide initiatives draw teams from across sectors and business to accomplish something big, and create a feeling of responsibility, empowerment and achievement. Last year, more than 15,000 Mahindra employees contributed 73,500 man-hours to projects from disaster relief to skills training for rural women, to career counselling for school dropouts. I have said before that I am proud that with the implementation of ESOPs, on any given day in the year, a Mahindra employee somewhere in India is contributing to society – and thus contributing to his own satisfaction.

We encourage community involvement and see it as a path to positive change as well as potential business. For example, “Spark the Rise” is a platform we have created where we invite ideas for change from the public. We support the best of these ideas, and if there is a great idea or venture, we would like to take it and build it as a business within the Group.

I could give countless examples of how creating social value and garnering profits go hand in hand, but I will confine myself to just one more. Mahindra Navistar Automotives Ltd manufactures a range of Heavy Commercial Vehicles with state of the art engines designed to deliver high performance at high fuel efficiency. However there is an acute shortage of well-trained drivers for these new generation vehicles, because truck drivers who are accustomed to driving low powered vehicles cannot get the best out of these new vehicles. The obvious solution was to train people interested in taking up driving as a profession, but this was a time consuming and costly process. MNAL decided to identify those who were already holding a HCV driver’s license, and came up with the novel idea of approaching the Armed Forces for their early retirees, and civilian drivers looking for a skill upgrade. The transformation post training was phenomenal, creating a major attitude shift.
and a boost in their self esteem. So far, 120 personnel have been trained, and many of them employed by our customers. The initiative has not only improved the quality of life for drivers and improved business performance while ensuring better understanding of MNAL products – it has also contributed to safety and the sustainable use of fuel.

To sum up, at Mahindra’s we believe it is time to erase the line between CSR and business. We believe that profits and social good can and must go hand in hand and that creating shared value is the road to future business success. Being a purpose driven organisation that identifies its own rise as inseparable from the rise of its stakeholders and communities gives us a competitive edge that will be hard to match. Focusing on businesses that drive positive change for the wider community is a powerful strategy. CSR is dead; long live shared value.
SENSITIZING THE ENTERPRISE TO A NEW BUSINESS PARADIGM: ROLE OF HR

ANAND NAYAK

Abstract

In this article, the author has discussed about the changing business paradigm. Businesses should look beyond Corporate Social Responsibility and get into the fold of sustainable business practices. In this scenario, HR team should be responsible to build the synergy between profit generation and larger ecosystem. This can be further used to revitalize the organization’s talent management strategy. He has exemplified all these points by narrating a detailed case study of ITC group on CSR.

The Changing Business Paradigm

Until recently, most business enterprises saw their primary purpose and role as delivering shareholder value. Little attention was paid to the needs of other stakeholders, especially of the larger society in which every business is rooted. Such anorthodoxy has given way to a more liberal interpretation in which enterprises are expected to fulfill their societal obligations through what has commonly come to be known as Corporate Social Responsibility (CSR). Whilst CSR projects and initiatives have their own value, business enterprises need to be alive to a more realistic business paradigm that is anchored around the following beliefs:

- The primary purpose of development is to ensure that every individual lives a life of social and economic dignity. Each section of society has a role to play in achieving these development goals. The business enterprise is expected to create value and wealth. This wealth

About the Author

Anand Nayak, Executive Vice President, Corporate Human Resources, ITC Limited, has been with the Company for the past 37 years. After graduating from St. Joseph’s College, Bangalore, he did his post graduation in Personnel Management and Industrial Relations at XLRI Jamshedpur. He joined ITC after his graduation and has been with the Company since then. During his long tenure, he has handled senior HR responsibilities in several businesses of the Company. He currently heads the HR function in ITC.

In addition to HR, he has keen interest in education and social development and is responsible for the overall supervision of ITC’s Social Development initiatives.

He is also a Director on the Board of ITC Infotech India Limited and a member of the Corporate Management Committee of ITC Limited.

He is actively associated with National HRD Network in various roles.
created at the micro level, is aggregated to provide the resources required for development so that every individual is enabled to lead a life of social and economic dignity. Hence, the purpose of business goes far beyond delivering customer value and enhancing shareholder value. The overarching purpose of business is to generate value and wealth to achieve development goals.

- Business enterprises can achieve sustained growth only if they live in sync and in harmony with their ecosystem. Like the river that enriches the lives of all those who live along it’s banks; every business, in order to grow on a sustainable basis, needs to add value to the larger eco-system — by ensuring inclusive growth, generating livelihoods, and enhancing environmental and social capital.

- Business enterprises cannot succeed if societies and nations fail. Hence, it is in the enlightened self-interest of every business enterprise, to ensure that shareholder value is not pursued at the expense of society and the nation. Indeed, business enterprises must look at stakeholder value creation as the route to creating shareholder value.

- Business enterprises must look beyond Corporate Social Responsibility in terms of once-off or discrete investments on CSR projects, to focus instead on pursuing Sustainable Business Practices, because only then can their contribution to society and the nation be sustained over the longer term.

- To actualize this, business enterprises need to engineer a convergence between the imperative of creating shareholder value and serving the larger society by creating value and wealth in a manner that is inclusive, creates livelihoods and enhances environmental and social capital. A very effective way of doing this is to innovate and create business models that ensure this convergence; models that enable the business to achieve its business results and simultaneously makes a solid contribution to the social sector.

- Every employee is looking for a larger meaning and a sense of purpose in his/her work life. Merely contributing to creation of shareholder value is clearly not proving compelling enough to pursue meaningful and long term careers. Employees will find meaning if the vision of the organization reaches out to an overarching purpose and a larger goal - to make a difference to society and the lives of people.

This is, therefore, the new business paradigm that HR managers need to sensitize the organization to. HR managers need to play a pivotal role in steering the company in this direction and helping to create this mind-set across the enterprise. In so doing, HR managers will ensure that the business is in sync with the larger ecosystem and thus make an invaluable contribution in terms of it’s profitable growth in a manner that is enduring and sustainable. This paradigm can also be used effectively to reinforce the organization’s talent management strategy, the sense of purpose and meaning that it gives employees, foster longer term careers and a strong commitment to the vision of the organization; helping to deliver a stronger top-line and bottom-line in the process.

The Reality that is India

Indian business and industry has made giant strides over the last 15 years, with several Indian business houses achieving global competitiveness and developing the
capability to acquire several global corporations, some of which occupied premium global positions in the years gone by. Indian business and industry has played a major role in enabling India achieve a GDP growth of over 8% on a consistent basis, thereby positioning India amongst the fastest growing economies in the world.

But all these outstanding triumphs have come at huge social costs, evident from some sobering statistics:

- India remains home to 1/3rd of the total number of absolute poor in the world
- India’s Human Development Index is ranked 119/169
- 9,000 young children die in India every day - 1/3rd of child deaths in the world occurs in India
- A staggering 60 million children suffer from malnutrition
- About 32 million children are out of the school system - many of them are engaged as child labour, sex workers or street beggars
- Water quality in most major rivers is far below acceptable levels
- Millions of Indians in urban and rural areas do not have access to potable drinking water
- Open defecation is a common sight in many urban slums and in rural areas
- Carbon emissions are increasing significantly as industry expands
- Discharge of effluents without treating them is a fairly common practice, despite stringent environment protection laws

It is equally important to realize that a business-as-usual approach cannot be sustained for long, since there are ecological and environmental limits to unbridled growth. India is home to 17% of world population, but only has:

- 2.4% of land mass
- 4% of water resources
- 1% of global forest resources
- 11% of its total land area under forests, against a globally desired 33%

Moreover, 67% of agriculture in India is rain-fed and faces severe moisture stress. Therefore, the key challenge before Indian business and industry today is refashion business models innovatively, so that they make growth more inclusive by generating livelihoods and employment; contribute to enlarging the green cover and harvest water to refresh the aquifers and thereby ward off the ill effects of climate change; reduce carbon emissions by using low carbon fuels and rely more on non-conventional energy resources to ensure a clean and healthy environment. How will businesses achieve all this and simultaneously generate wealth and enhance shareholder value?

**The ITC Case Study**

We in ITC have been, over the past ten years, attempting to refashion our business models to meet the challenge of not only achieving our financial objectives, but simultaneously enhancing environmental and social capital and environmental as well, in a manner that enables us make a positive contribution to the larger eco system. This approach is in addition to the CSR activities undertaken by the local operating teams considering the requirements of that geography. Described below are some of the unique initiatives we have taken in recent years.

**Wasteland Development/Social Forestry**

A major business of ITC Paper and Paperboards involves the use of pulpwood.
Hitherto much of the pulp was being imported from Southeast Asia and with the lowering of customs duties, relying on imported pulp made sense. However, ITC had a different view on this matter. Instead of just relying on imported pulp for its business, it wanted to use the opportunity to create livelihoods for disadvantaged tribal and marginal rural farmers. Hence the social forestry programme was initiated.

Afforestation on private wastelands generates significantly higher incomes and employment in rural and tribal hinterlands, while restoring ecological balance. ITC invested significantly in research and development to create clonal saplings, which are disease-resistant, grow faster and have higher survival rates. These are provided to farmers to enable them convert their private wastelands into pulpwood plantations. Intercropping is encouraged, providing economically vulnerable households with an assured income and a source of nutrition during the gestation period, while loppings and toppings meet their fuel wood requirements. These initiatives are being implemented to help make a meaningful contribution and difference to the lives of these people.

Watershed Management

This initiative aims to improve agricultural yields through soil and moisture conservation programmes. Adopting a bottom-up participatory approach, the programme facilitates village-based participation in soil and moisture conservation, building, reviving and maintaining micro water harvesting structures and management of water resources to reverse land degradation, provide critical irrigation and raise agricultural productivity. Also focusing on optimizing the end-use of harvested water, the watershed development programme is mutually reinforced by the agriculture and livestock development programmes. The total area covered to date is nearly 74,000 hectares benefiting over 74,000 households. This includes the provision of critical irrigation to 28,700 hectares through 3,393 water-harvesting structures.

Generating Livelihoods through Economic Empowerment of Women and Community Development

ITC believes in building and developing the communities around its units and factories to ensure that they live in socio-economic dignity. One way of ensuring this is by creating opportunities for supplementary incomes for such families. This is coupled with providing access to safe drinking water and sanitation, and care for the mother and child in the communities. To ensure a bright future for the children, supplementary education is being provided to ensure that every child is in school and learning well. These initiatives are being implemented to help make a meaningful contribution and difference to the lives of these people.

Our initiatives provide sustainable economic opportunities to poor women in rural areas by assisting them to form self-help groups that enable them build up small savings and finance self-employment and micro-enterprises. A large number of women are also involved in rolling agarbattis, which are procured by ITC for its agarbatti business. There are currently 1,343 functional self-help groups with more...
than 15,000 members. More than 39,000 women earn income as self-employed workers or as partners in micro-enterprises. The programme has demonstrated that extra income in the hands of women leads to significant and positive changes in human development since it is spent largely on children’s education, health and nutrition, and is a catalyst for equal development for both men and women.

**eChoupal**

This initiative was implemented to ensure that the farmers get a better return for produce than lose to the traditional markets.

Web-enablement of the Indian farmer through the eChoupal digital and physical infrastructure enables even small and marginal farmers, who are de-linked from the formal market, to access relevant knowledge, market prices, weather information and quality inputs to enhance farm productivity, quality and command better prices — making them more competitive in the national and global markets. Customized agri-extension services and farmer training schools through a focused programme “Choupal Pradarshan Khet” enable farmers to access best practices in agriculture and improve productivity. Together, the digital-physical-human infrastructure has led to an increase in farmers’ incomes and productivity, transforming rural communities into vibrant markets. The eChoupal network currently benefits more than 4 million farmers in 40,000 villages.

**Low Carbon Operations**

Going forward, we recognize that businesses must contribute more effectively to efforts that help in mitigating and adapting to climate change. ITC has already initiated several steps towards this objective. While ITC’s large-scale afforestation initiatives help in sequestering twice the carbon emitted from the Company’s operations, the propagation of Sustainable Agricultural Practices and Watershed Development help adapt to the harsh realities of climate change, particularly for the poor in rural India who are more vulnerable to the ill effects of global warming. Complementing this is the effort to continuously enhance energy efficiency and conservation as well as invest in cleaner and renewable energy capacity. Today, it is a matter of immense pride that nearly one third of energy consumed is from renewable sources. The Company plans to progressively invest in wind energy to enhance its renewable energy portfolio. Investments have also been made in “green boilers” to tap biomass based energy in the future. As testimony to its low carbon philosophy, ITC has invested in creating new benchmarks in green buildings. All ITC Hotels are now LEED Platinum certified.

**Exposing managers to the real India**

These initiatives also help, directly and indirectly, sensitize our employees to the reality that is India, and see their roles in a larger perspective, contributing to the socio-economic development of the society that we live in - a mission that extends far beyond traditional corporate boundaries and a commitment beyond the market.

**Conclusion**

The ‘Triple bottom-line approach’ is now an integral part of the organizational DNA, and drives the sustainability of the same. HR function and the senior leadership is therefore expected to ensure that this dimension gets reinforced and strengthened, whilst designing and implementing people related systems and processes, be it employer branding, recruitment, induction, training, assessment, internal communications, etc.

January | 2012 NHRD Network Journal 45
Abstract

In his article, the author argues that members of any organisation right from its business leader to employees have a core value to contribute to the society and that all stakeholders respect any organisation by the values it lives by.

The article presents how HR in any organisation can play a critical role in nurturing, rewarding and reinforcing these core values.

About the Author

Anil Sachdev is the Founder and CEO of Grow Talent Company Limited. He has spoken at national and global conferences all over the world and has written contributory pieces for leading publications. He has been adjunct Faculty to leading business schools such as Indian School of Business, Kelly School of Business, Indiana University, GMI, Flint Michigan, Antioch University, Seattle and Ohio University, Athens, Ohio.

Anil’s career was with Tata Motors and Eicher. He worked in HR, operations and TQM. He is the Founder of Eicher Consultancy Services and was its CEO till 2001.

He is active in management circles and has held several public offices such a Chairman of National Committee on Industrial relations and Regional Committee on Human Resource Development of Confederation Indian Industry.

At the core of all human beings is the strong urge to do "good". This is because we all have "goodness" within us – the truth, the spirit, the life giving force – the "generator", "operator" and "destroyer" – GOD!

It appears that our life is full of "doing" - where we get stimulated through our sense organs and spend a lot of our time in "seeing" things that appeal to us, listening to what we "like", tasting and smelling foods and fragrances that whet our appetites, and "touching" experiences that give us pleasure.

The body is the zone of pleasure; and it also afflicts pain by its continuous hunger and agitation for more.
This is because the body is controlled by our desires emanating from our emotional minds. The more pleasure we get, the more we seek; and when we do not get it, our minds get agitated and we are not at peace. We can notice this when we watch our "breaths" and see how our inhaling and exhaling gets shorter when we have this conflict! The layer of breath exists between our bodies and minds and is the pulsating force that can either quiten our bodies or excite them to great misery!

The intellectual mind or the brain governs the emotional mind. This tool helps us to make important choices and prevents the emotional mind to get carried away by jumping into actions that give pleasure in the short run but a lot of pain in the long term.

The power of intellect to discriminate and choose "good" over "bad" is inspired by the "truth" within - the inner voice that guides us at all times; provided, we have the capacity to quiten our bodies and minds so that we truly pay attention to what "is", rather than what it "appears to be".

However between the layer of the intellect and the life giving force, lies the layer of the "ego" that prevents us to seek the truth. This is the one that continuously makes us go back to the body or the mind or the intellect and gives us conflicting impulses and signals as to why we should choose a life of pleasure and feel and think that our identification is nothing but the fields of action (through the body), relationships (through the emotional mind) and decisions (through the intellect). The "Ego" prevents us to "realize" our true potential - that is beyond all doing and feeling and knowing - that of pure "being". The ego creates all attachments and fears that prevent us to access the "inner voice".

When we transcend the "ego", we enter the source of pure joy and peace and when we learn to access this bliss at will, we realize that we can change the knowing, feeling and doing that can make us move towards our real "calling" or "purpose" and "values" that truly matters to us. We can transform ourselves to choose a life that is really meaningful and joyful in which we can choose to be in a state that we are truly inspired by.

The spiritual values of doing "good" and being "good" are in every human being. They may be dormant in those of us who are full of doing, feeling and thinking aspects that prevent us to realize our true potential.

In my work with business leaders all over the world, it has never failed to amaze me that once the conversation becomes more authentic and intimate and people are in a "trusting community" with others, they invariably begin to give voice to their dreams of "service" and making the world a better place.

This is because the urge to do "good" generates actions, feelings and thoughts that create a joyful state of existence that gives lasting peace and harmony. When people find ways of creating time to "volunteer" and serve a "cause" that truly matters to them, they discover the power of "unconditional love", a force so strong that all their anxieties and fears disappear; they get transformed to a state where the mind has no agitations caused by multiplying desires and fears disappear; they get transformed to a state where the mind has no agitations caused by multiplying desires and fears.

What I have described above is depicted in the picture below that is adapted from the Indian wisdom traditions, which describe these sheaths within us and explains poignantly a framework that is deep and comprehensive.
at the time of hiring, emphasized in "on boarding and induction", assessed again at the time of "appraisal" and recognized and rewarded. Infact "potential" of employee has to be seen in a way that recognizes that "values" are the multiplier that helps the capacities of thinking, relating and execution to combine in ways that produce superlative performance. If employees do not display the core values, they are not listed as high potential and if they violate them, they are considered as "not wanted", no matter how intelligent they are and how hard they work. Stories have to be captured about values in action and shared across the organization regularly so that all stakeholders know how much the organization really cares for them. Infact, even the physical spaces of the organization and the design of factories and offices have to reflect these core values so that the visible "symbols and artefacts" denote the core values eg. walls are made of glass to denote transparency, round table in conference rooms depict teamwork, etc.

If organizations make the value of serving society and making the world a better place - core to their business and if this is reflected in their collective brain - the structures, systems and processes; if they live these in the way they relate to all their stakeholders - in their collective heart (as seen in their stories, celebrations and rituals), if their daily creations emphasize these (as manifest in their physical spaces and symbols) - their collective "bodies" - then the entire communication flow in and with the organization would be full of these values- their collective "breath"; this would enable the organization to transcend all its limitations and fears(its collective ego) and allow its "collective truth" to shine!

The role of HR is at the centre of responsible and authentic business. HR helps in translating the vision and values
articulated by the apex leadership of an organization into a "shared vision" that is owned by all. HR facilitates the process of co-creation and partners in the entire cycle of converting the vision and values into effective policies, structures, systems and processes. Here are the five significant roles played by HR:

- **Doing advocacy for doing good** by reinforcing the message of business leaders who wish to lead in this way. There is an increasing empirical evidence to show that employees feel highly engaged in organizations with such values and deliver better productivity, quality and service and stay longer. HR needs to use this to answer cynics and "naysayers".

- **HR needs to translate the value of "doing good" into a behaviourally anchored rating scale (BARS) that is embedded as a critical competency in the selection system of all employees. It needs to adopt reliable psychometric tools such as TAT (Thematic Appreciation Test) for assessing candidates. It needs to pay special attention to those being recruited at senior levels as their impact is much greater. HR needs to train leaders on how to assess values.**

- **HR needs to facilitate a process of goal setting and review- a Performance Management System (PMS) that ensures that these values receive significant weightage. Employees who demonstrate such competencies are included in the list of high potential talent and are rewarded and recognized. Teams that collectively "do good" are celebrated throughout the company and HR ensures that there is a well designed program for such events (in which employee families are included given their importance in the Indian context).**

- **HR needs to collect stories of these values in action and disseminate them throughout the organization and ensure that all training programs feature these case studies.**

- **Finally, HR needs to facilitate the process of "whistle blowing " that enables employees to speak up and bring cases of violation of these values to light, so that corrective action is taken and ensures that employees that make fun of these values, either change their ways or leave.**

In my long career of working in Industry and Consulting, I have been fortunate to see all that I have written above in action. In the last few years, I have written papers in the NHRD Journal about institution building in Eicher, Eicher Consultancy Services and Grow Talent and now the School Of Inspired Leadership (SOIL), where we strived and are striving to live this value in all aspects. Last year, I also wrote a paper on creation of shared vision and values in Indus Towers - a company that is attempting to do more good in several different ways by working on "sustainability " and "compassion".

A few years back, we facilitated an exercise in the Aditya Birla Group that touched all its 1,20,000 employees in adopting and living its core values - a deeply satisfying and inspiring experience. Many organizations are increasingly bringing the urge to do good at the core of their businesses. The attempt by Infosys to upgrade the quality of engineering education, the Mission of the Azim Premji Foundation to improve the quality of school education, the value of nation building of Tatas, emphasis on encouraging innovation by Marico, the focus on reducing water consumption by Levers, the drive to serve the poor in rural India by Schneider and Fab India are all extremely good examples.
When organizations make the world better by their endeavours, they truly create “shared value” for all stakeholders. Such entities become long lasting, attractive, trust worthy and true role models. The time has come to create a network of the "good", so that they overcome their humility and come out and aggressively spread their goodness to others and help the "fence sitters".

Let me end by suggesting that the NHRD Network should introduce a new way of recognizing individuals and organizations for excellence in HRD. In choosing award winners, at least 25% weightage should be given to doing and enabling good! This will bring the concept of 'shared value' into mainstream thinking and inspire many organizations to serve Mother India and Mother Earth.

Bibliography:

- Discourses on Taittiriya Upanishad by Swami Chinmayananda - Journal - 1962.
COMPANIES AND DEVELOPMENT: THE WIDENING UNIVERSE OF CSR

ANU AGA

Abstract

In this article, the author has brought out the concept of CSR being an integral part of business operation for any organization. The author has narrated how any sustainable business, needs to realize that it cannot succeed in a society that fails. An employee engagement program becomes holistic if employees are connected with the community concerns and it is much more therapeutic and beneficial to the community and the individual.

About the Author

Anu Aga is on the Board of Thermax Limited, a leading Indian player in energy and environment management. She retired as chairperson of the company in October 2004. She has been very active in various national and local associations like Confederation of Indian Industries (CII) and had served as the Chairperson of CII’s western region. She has written extensively and given talks on the subjects of corporate governance, corporate social responsibility, role of women and education.

It is heartening to see that the larger role of corporates in society is being discussed today more frequently and incisively. There are several reasons that have contributed to the popularity and increasing relevance of this subject. The immediate reason obviously would be the disturbing economic slide of the developed world triggered by rapacious greed and the failure of banking institutions. Instead of the manifold benefits that unfettered markets and business organizations were to bring in, there is anxiety as many parts of the world plunged into economic uncertainty.

In India we had our own moment of truth when the media revealed those sordid details of scams and mind boggling corruption. Like a bad and never-ending television serial, the reports of our greed and grab incidents continue to disturb us. Suddenly, the powerful and moneyed India is under the spotlight and it is a not a pretty sight. Politicians, bureaucrats, lobbyists and corporate chiefs are seen to work in tandem to plunge India into this sorry state of affairs. Though liberalization has worked well for India, saving us from stagnation and stimulating our economy, thanks to the recent cases of corruption, corporate reputation has taken a beating.

In both contexts, global and Indian, the role of corporates is being scrutinized and re-evaluated. At both levels, it is relevant to ask the question whether corporates are responsible for this sorry state of affairs. Are they part of the problem? Predictably, opinions have been polarized. There are strident voices that would love to paint the entire business community in ominous
colours, as the villain and enemy of the people. There are also thoughtful analyses that see a constructive role for business, as a catalyst and prime mover in economic growth, as a valuable partner in the development process of a country.

This second response - of the need for a long-term relationship between community and business - has had always been there before scandals rocked us. It did not arise from the needs of immediate news, but by the fact that corporates have a major role to play in the massive effort required to meet the challenges of a world beleaguered by seemingly insurmountable problems. This is especially relevant for a country like ours divided along rural-urban, rich-poor fault lines and this break is sharper than ever before. The India-Bharat split has virtually created two mutually exclusive Indias - one India dominated by a group wielding power, money, access to resources and opportunities; and another India of marginalized and poor, economically exploited and used cynically by politicians for electoral gains.

Obsessed with GDP numbers and quarterly profits, we are losing sight of the pressing and basic needs of the marginalized India. Already, there is an upsurge of anger and it is fuelling extremist movements in many parts of the country. It would be naive and foolish to expect that the poor would patiently suffer the indignities and deprivations that they are subjected to, day after day in this Shining India where they have no role and no voice.

Corporate Social Responsibility (CSR) is a popular subject these days and companies are urged to embrace its tenets. A few years ago, a survey rated 500 of India’s largest companies on the effectiveness of their CSR activities. The survey, conducted by Karmayog, a platform for the Indian non-profit sector, was an eye-opener: on a scale of 1 to 5, 229 companies did not qualify for any rating. 91 companies scored 1 out of 5, 139 scored 2 and 37 got 3. Only 4 companies scored 4 out of 5 and none could achieve 5.

The survey is an indicator of the distance companies need to cover, the gap between professed goals and reality. Companies can and should do more to improve social conditions. But it is important they venture beyond simplistic CSR notions that are often used for tax savings or brand building. In many instances, there is only lip service paid to the concept and sometimes CSR is brazenly used as a short cut to capture mind space and public imagination. It would be a terrible mistake if CSR is reduced to a tactic or a mere business strategy.

Many corporate leaders have believed that the sole purpose of business is to generate growth and profit every quarter. In contrast, there is this striking paragraph I read somewhere stating that the business of business is to generate growth and profits or else it will die; however, if that is the sole purpose of business, then also it should die, for it no longer has a reason for its existence. I do believe that companies need to embrace the thought that the "business of business is human well being". This is very applicable to countries like ours where poverty is a compelling reality and the gap between the rich and the poor is widening. It is imperative that the corporate sector with its managerial resources, financial muscle and technical competence reaches out to the needy and makes it an inclusive growth. CSR is not just a fashionable thing to do, but needs serious commitment from leaders.

Business for Social Responsibility, a global organization that helps member companies to make CSR an integral part of their business operations, defines it in broader and more humane terms as ‘achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment.’ Such a definition brings companies closer to the domain of human rights, as the
element of respect is the bedrock on which the edifice of human rights is built. However, in the frantic rush to attain targets and chase growth numbers, instead of promoting and nurturing rights, the agencies responsible for development including companies often disregard the rights of communities and sometimes even flagrantly violate them. Though several companies have drafted policies regarding safety, code of conduct and corporate governance practices -necessary prerequisites for a humane eco-system of rights - practices often run against such finely formulated guidelines. Thus, we have industrial accidents of the magnitude of a Union Carbide, or corporate frauds of the Enron kind and many of our home-grown variety.

Today, in the name of development there are companies aiming to expand their operations at the cost of human rights of groups of people, who often are the vulnerable sections of our public. We have laws to protect the tribals. The law clearly states that no forest land can be acquired for any development activity without the consent of the tribals. But greed sets aside all other considerations and we see the rights of forest dwellers ignored and the law of the land violated. Business has to shed its unfortunate legacy of maximizing profit at any cost and come up with innovative solutions that harmonize development goals with community rights. Let us remember that business gained its legitimacy by creating value for people, for communities. It is time for us to restore that old and honored principle of 'value creation' so that business enterprises can once again be anchored in social usefulness and relevance.

Inclusive development for the largest number of people is in the interests of the corporates themselves. For example, if large sections of our public grow up unhealthy and without meaningful education, where will corporates draw on their exploding need for good people who can contribute? Enlightened businesses realize that in the long run, business cannot succeed in a society that fails.

Even as India registers impressive GDP growth figures and progress in many areas, there are disturbing facets of our national life that sometimes many of us pretend not to see. The large scale displacement of people in the name of urban beautifications and development projects, the suicide deaths of farmers, increasing homelessness of thousands - these are some aspects of this suppressed reality. We have the largest number of malnourished people in the world and on the United Nations' Human Development Index we occupy a lowly 126th position among 160 nations. It is clear that prosperity in a booming India is not touching the life of an average Indian.

Business has to shed its unfortunate legacy of maximizing profit at any cost and come up with innovative solutions that harmonize development goals with community rights. Let us remember that business gained its legitimacy by creating value for people, for communities. It is time for us to restore that old and honored principle of 'value creation' so that business enterprises can once again be anchored in social usefulness and relevance.

A principled CSR approach is based on the conviction that corporates have obligations to their multiple stakeholders - the wider community - from which they draw their resources. It stems from the awareness that besides financial accountability, business also has social and environmental responsibility - popularly known as the triple bottom line for good governance.

In the developed economies of USA and Europe, there was clearly a failure of institutional mechanisms to regulate and rein in errant bankers and business chiefs who, obsessed by short term gains and greed, have all but destroyed the trust of the public. Two decades after the collapse of the Berlin wall and the rise of a globalized market, there are basic questions asked over there about the role of business in keeping communities wholesome. Occupy Wall Street is only one of the more visible symptoms of a deep discontent with the existing state of affairs.
In our own country, there is a groundswell against corruption, which results in the wasting or siphoning of resources that could have been used for public good. During Rajiv Gandhi’s time, the government itself acknowledged that due to corruption and mismanagement, nearly 85% of its social spending does not reach the intended beneficiaries. Concerned citizens everywhere are increasingly relying on partnerships to broaden the base of their initiatives for change. In India there is tremendous scope for such partnerships and CSR is an area where such bonds can be formed between civil society, corporates and the government. Today, several companies have linked hands with government and NGOs to improve the state of critical areas like education, public health, skill development, and waste management. Several of them are partners in the work of bettering the lives of people in our villages and urban slums.

More than writing a cheque, companies need to enlist the participation of their employees in such community initiatives. Can our top managements supported by sensitive HR practices, create enabling conditions within companies to make community work as desirable and honoured as meeting our sales targets? Obviously such measures cannot be introduced as fads or the latest flavour of the season. It has to come from the deep rooted conviction that real change can happen only when organizations and institutions collaborate and work towards inclusive goals that bring people together and integrate communities. This calls for a change in our mindsets obsessed by quarterly numbers and see people and events in a wider perspective.

Today, companies spend heavily on stress management programmes and motivational workshops. It is possible to argue, though one cannot be dogmatic here, that connecting employees with community concerns could be far more therapeutic and beneficial in combating alienation and discontent, the inevitable products of our industrial-urban lifestyles. In the long run, employee participation in community programmes can develop corporate citizens aware of their civic responsibilities and contributing in a big way to the many societal problem that we face today. A true win for the individual and society at large.

Let me conclude by talking about a unique initiative aimed to bridge the educational inequity in India. This movement, Teach For India is a national program supported by several corporates including my own company Thermax. It places India’s outstanding college graduates and young professionals, of all academic majors and careers, in municipal and low-income schools to teach for two years. In the long run when these young teachers (called Fellows) complete their tenure, they can join either the social or the corporate sector. In the short-run, Teach For India will act as a source of dedicated quality teachers who will help students achieve significant academic gains. In the long run, Teach For India believes that it will take a large movement of leaders to create sustainable educational reform in the country. In Pune itself, we have 142 Fellows reaching out to 3200 students through their involvement in 38 schools. I am glad to be part of this growing movement, which is one among the many that leverages the power of partnerships and seek to transform human potential for the betterment of society.
**BUSINESS AND COMMUNITIES – REDEFINING BOUNDARIES**

**Dr BHASKAR CHATTERJEE**

**Abstract**

In this article, the author has elaborated on the concept of Corporate Social Responsibility and Creating Shared Value. In the next decade, CSV will be one of the key ingredients for an organization’s success. The author has also brought out the role to be played by HR in the changing paradigm. CSV should be a part of the entire HR Strategy and it needs to be communicated to employees in the organization through learning and development initiatives, competency development programs, etc.

**About the Author**

Dr. Bhaskar Chatterjee is presently the Director General and CEO of the Indian Institute of Corporate Affairs. Dr. Chatterjee graduated from Hindu College, Delhi and did his Post graduation in History from St. Stephen’s College, Delhi University. Thereafter, he completed his MBA from the All India Management Association. He received his M. Phil from the Indian Institute of Public Administration in 1989-90 and his Doctorate from the Chitkara University in 2011. He joined the Indian Civil Service in 1975 and has held many distinguished positions.

“*The top 1 percent have the best houses, the best education, the best doctors, and the best lifestyles, but there is one thing that money doesn’t seem to have bought: an understanding that their fate is bound up with how the other 99 percent live. Throughout history, this is something that the top 1 percent eventually do learn. Too late*”.

— Joseph Stiglitz

India since 1991 saw the advent of liberalization and the “Hindu rate of growth” was slowly but surely replaced by an 8%+ GDP growth rate. Yet as crony capitalism grew, so did greed. Insufficient scrutiny of corporate affairs led to the present situation where corruption related scams are being exposed by a vigilant media, while disparities divide a major proportion of the population and inequalities grow. The ethos of trusteeship that served the country well during the freedom struggle never really gathered momentum. The concept of Corporate Social Responsibility (CSR) became a buzzword at conferences, but was practiced by few. Communities have been up in arms against land acquisition and corporate policies, be it in West Bengal, Orissa, Maharashtra or Andhra Pradesh, as projects that further marginalize the dispossessed are being resisted locally. There is growing unrest in the west and movements such as “Occupy Wall street” (and also occupy Dalal Street in India) generate debate and interest the world over.
The challenge in India is to create responsible business practices and for the government to nurture an enabling framework, which would help companies and society translate public policies into deliverables. Union Carbide remains a stark example of all that has gone horribly wrong with corporate conduct. Just as there have been disasters and malpractices such as these, there have also been cooperative enterprises like AMUL, social enterprises like FAB India and smaller companies like RANGSUTRA that have used the approach of integrating community ownership of business and creating wealth and value for members. These forms of organizations are producer cooperatives / companies. The Magarpatta Construction Company Limited (Pune, Maharashtra) is a prominent example where Creating Shared Value (CSV) has been implemented by the farmer community themselves. It is they who owned the land, they who developed it collectively for all shareholders ensuring that transparency and fairness benefits all. Pragati Nagar in Hyderabad is yet another example of creating value with development for all stakeholders. Neighbouring Bhutan has launched a novel experiment of following a Gross National Happiness (GNH) Index.

Many corporate and industry practices in India remain out of context and short term - favouring quick gains over a long term perspective. In recent times we have been witness to many expose’s including the much-reported one of aerated drinks manufacturers who drew inordinate amounts of water from nearby villages. This caused water shortages for local people and had the community up in arms. Ultimately, the company was forced to take a voluntary shut down for a considerable period of time after a prolonged litigation, bad press and loss in terms of fines imposed. This is precisely the kind of thing that happens when companies continue to view value creation narrowly, by optimizing short-term financial performance. What are missed are community needs and the broader influences that determine longer-term success. Often multi/transnational corporations use a weak regulatory environment to shortchange and bypass due diligence and standards in developing countries. Such countries are perceived merely as “markets” or sources of cheap labour.

The concept of creating common shared values has arisen due to the gaps in existing approaches. Public sector enterprises in India, despite questions of efficiency and government controls, remain examples of enterprises wired to “greater public good”. They have frequently attempted to create tangible benefits for local communities through positive engagement, creation of jobs, training and Human Resources approaches that promote local talent and rural investments.

Creating Shared Values - CSV

“We need to understand that what’s good for the community is actually good for business,” said Porter, explaining CSV at the 2011 World Economic Forum at Davos. Michael Porter, who along with Mark R. Kramer authored the concept of Common Shared Values has been promoting CSV as a more viable option than CSR. At Davos, the new signature tune was CSV as a harbinger of the future for industry. The concept of shared value has been defined by them as policies and operating practices that enhance the competitiveness of a company while also advancing the economic and social conditions in the communities in which it operates. Shared value creation focuses on identifying and expanding the connections between societal and economic progress.
This approach compared with the CSR approach puts societal issues central, as below:

<table>
<thead>
<tr>
<th>CSR</th>
<th>CSV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value: doing good</td>
<td>Value: economic and societal benefits</td>
</tr>
<tr>
<td>Citizenship, philanthropy, sustainability</td>
<td>relative to cost</td>
</tr>
<tr>
<td>Discretionary or in response to external pressure</td>
<td>Joint company and community value creation</td>
</tr>
<tr>
<td>Separate from profit maximization</td>
<td>Integral to competing</td>
</tr>
<tr>
<td>Agenda is determined by external reporting and personal preferences</td>
<td>Integral to profit maximization</td>
</tr>
<tr>
<td>Impact limited by corporate footprint and CSR budget</td>
<td>Agenda is company specific and internally generated</td>
</tr>
<tr>
<td>Eg: Fair trade purchasing</td>
<td>Eg: Transforming procurement to increase quality and yield.</td>
</tr>
</tbody>
</table>


Not all societal problems, however, can be solved through shared value solutions, although it does offer companies an opportunity to utilize their resources, skills and management capability to lead social progress and earn respect in society.

**Is CSV then valid for India?**

Critics regard CSV as the next evolution in the “capitalist game”. The growing trust deficit in companies has made some multinational & transnational companies take up CSV and re-concive the intersection between society and corporate performance. Many of these are companies who have been accused of practicing double standards and a top down approach that is unmindful of ground level realities in developing countries. But questions need to be asked about *Who participates? What is the process that underlies the determination of shared value?* Should a company partner small farmers at the micro level to source raw material while ignoring the larger context of a depleting water table, of pesticide contamination and impact of fertilizers as in the case of Punjab? Again, the aggressive marketing of Ultrasound machines by corporates unmindful of the enormous harm they were doing to the demographic environment, and without due diligence, resulted in short term gains. But the consequences were disastrous. These companies came to be accused of the serious offence of foeticide of the female child and received court strictures as well as criminal prosecution. Will a company re-conceive its products or markets unless forced to? *Product, context and*
the Human Rights Responsibilities of Transnational Corporations and Other Business Enterprises”. Hence, the CSR/CSV approach must help companies to respect the human rights of communities where they extract or purchase or source their products from supply chains. “Outsourcing” and the “Nature of Industry” are again two arguments that are used to derail the process of creating Shared Value. Firms have always been outsourcing to lower wage locations, particularly in the garment sector, where child labour and sweat shop conditions have earned the ire of watchdog groups and activists. Till such time that profits come from businesses and products that are harmful to the planet and its people, little shared value will be created.

Collaboration will not be easy in changing times. Conflicts of interest will occur and market forces alone in the absence of regulation will result in growth without equity. Key stakeholders typically fail to recognize common interests. Concerted building of common good between employees, communities and shareholders can only be realized if barriers are acknowledged or at least partially reconciled and stakeholders are willing to embrace their respective responsibilities. It is only changed mindsets that will stimulate new opportunities.

How can Human Resource education & practices play a role?

Keeping in view the complex business environment and the fact that companies today need a “social license to operate”, forward looking Business Schools and mainstream colleges such as IIM Ahmedabad and St.Stephen’s College Delhi, have started courses on “Poverty and Inequality”. Across the country today, in many HR workshops, competency development programmes, and in training modules, HR faculties and practitioners are
centre staging modules on issues such as mining, urban poverty, poorest districts, etc. where CSV finds a crucial space. This intends to equip managers understand diverse perspectives and manage conflicts.

All new approaches need vision and leadership, human resources training, new ways of working and collaborating, reflection & questioning. Business education and curricula for young managers will have to be revamped to include a understanding of the context, social realities and inequalities for example, poverty alleviation, the situation of dalits, tribals and minorities. Only such awareness and sensitivities will enable our young managers to work effectively in a complex environment. HR practitioners and networks need to rise to this challenge and create the framework and protocols that are required to integrate and mainstream ethics, accountability and governance standards within performance appraisals.

Already, in the Public Sector guidelines on CSR (which became effective from the 1st of April 2010, (see website: www.dpe.nic.in) the Department of Public Enterprises (DPE) Government of India, had indicated performance appraisals of the CEO’s of Public Sector companies on the basis of CSR performance. Appraisals on the basis of 360 degree feedback have already come into play. These guidelines make a strong pitch for new collaborative arrangements and partnerships between civil society and companies and hold out the hope that these will lead to new forms of appraisal.” The Guidelines specify that:

“The performance of each CPSE with reference to its CSR activities should be monitored by the Ministry/Department concerned on a regular basis. In the Guidelines, from 2010-11 onwards, 5 marks have been earmarked out of the non-financial parameters for CSR activities and 5 marks for Sustainable Development initiatives. For proper and periodic monitoring of CSR activities, companies may appoint a CSR committee or a Social Audit Committee or a suitable, credible external agency. CSR projects should also be evaluated by an independent external agency. This evaluation should be both concurrent and final.” These guidelines put good intentions to work unlike the voluntary guidelines for the private sector where only reporting is now mandatory.

Working in collaborative arrangements requires understanding, respecting differences and learning how to use diversity to succeed, as opposed to allowing differences to lead to confrontation. Where poverty is perpetuated and working conditions are not improved, there will be lesser demand for products, a unhealthy work force, poor quality of output, social unrest, high security costs and long term unsustainability. The Right to Information and the Lok Pal Bill will ask for greater transparency. The future of CSV & CSR in the “digital fish bowl” that the world is today, will depend on how responsive companies are and how participatory, inclusive and equitable the process of value creation is. Whether companies will walk the talk and whether the 99% will succeed in persuading the 1% of the business community to adopt responsible commercial practices and create value remains to be seen.

References:


12. Article by Joseph E Stiglitz – “Of the 1%, for the 1%, by the 1%.”
CORPORATE SOCIAL RESPONSIBILITY AND HR: REDEFINING BOUNDARIES

Dr SHALINI SARIN

Abstract
In this article, the author has explained how with the evolution of CSR, the HR function has started playing a more meaningful role. Any business is now inclined towards an inclusive business strategy in which young talent are better engaged. The author has explained the theory with a detailed example of Scheider Electric where HR and CSR works in close nexus. With HR partnering with CSR, it fulfills the human need to belong and adds meaning to a professional life.

About the Author
Dr. Shalini Sarin is the Vice President, Country HR Partner at Schneider Electric India. She was at Cairn India, PriceWaterhouse Coopers, Hughes Software and Motorola University, Godfrey Phillips India and in academics.

Dr. Shalini holds a Doctorate in Organization Behaviour, and double Masters in Sociology and Human Resource Management. She has an Advanced Human Resource Certification from Ross School of Business, University of Michigan, Ann Arbor. She is an Executive Coach from Motorola University-Chicago and a Psychometrician from British Psychology Society.

Introduction
For several years, fairly defined roles have been sketched for businesses, non-profit organizations and the Government. People working in these institutions have engaged in projects for the benefit of defined target groups. Businesses in the past have identified Bottom of Pyramid as an ‘unmarketable’ target segment and have preferred to engage with the middle and upper income populations as there exists better delivery infrastructure, accumulation of market information and flexibility to absorb varying price points. Innovation has invariably meant use of better technology.

When companies are global, an important challenge in garnering success is to respect other cultures and workforce environments and start forming a global profile or social consciousness. Recognize these differences with a sound Corporate Social Responsibility (CSR) plan that can simultaneously increase shareholder value, boost employee engagement and increase employer brand recognition. With the evolution of CSR as serious business of an organization, the role that HR plays has also found a new meaning.
The Context- today
Successful programs on social responsibility rely heavily on enlightened people management practices. In this context, HR department is assumed to be the coordinator of CSR activities in getting the employment relationship right, which is a precondition for establishing effective relationships with external stakeholders and thus can orient the employees and the organization towards a socially responsible character. There is also an increasing trend in the corporate sector, which has started leveraging upon employees and their management for exhibiting their commitment towards CSR.

Road Ahead
While technology is certainly a key component in driving costs down as well as adding value to products and services, more thought is required towards creatively designing inclusive business models. The challenge therefore, lies in addressing the entire value chain through strategic collaborations. Different core competencies of organizations such as corporate business entities, non-profits and the Government have to be leveraged to effectively reach this market segment. This indeed blurs the pre-defined boundaries of roles of each of them. Outcome of this is axiomatic with businesses now addressing BoP through their products and services and non-profits accessing revenue streams beyond grants and donations and monetizing the value of their knowledge.

Young and new talent in the market has also developed a more comprehensive sense of what role they want to play in society yielding a greater push for inclusive business strategies. There is better understanding with the youth today that their skills can create value even for the underserved populations as also the realization of largely untapped market and business potential thereof. Young talent has been able to shift the paradigm of how businesses engage with communities and a new sense of responsibility and ownership has been instilled even in senior management who are driving business strategies of companies.

Global discussions, research and pilot projects which emphasize inclusive business models are bringing forth a paradigm shift - unraveling the mystery for new entrepreneurs including large corporations interested in dipping their fingers in this market.

Financial accomplishments as well as gratification derived from contribution to society are two key drivers for people to engage with Social businesses. It is indeed true that when both these needs are met, with voluntary engagement and not forcible insertion- people are most professionally driven and satisfied.

For HR strategists, what drives professionals toward CSR cannot be ignored while for businesses the benefits are dual-access new business opportunities and have a professionally driven and gratified workforce.

Schneider Electric’s position today
The key theme of Schneider Electric’s CSR framework is twofold. Firstly, it is very closely integrated with the organizational objective. Schneider Electric India Foundation’s charter conveys the message explicitly - Help people change their lives through access to energy. This vision acts as a natural propeller with employees who can see a clear connect between their work and its connect with the society as a whole. Secondly, the greater involvement of employees in doing ground work towards making the vision a reality is a great differentiator. At the heart of all our
initiatives, the conceptualizers, the executioners and the ideators - all are employees of Schneider Electric.

From an HR standpoint, people need to feel a sense of belonging and acceptance, whether it comes from a large social group, such as clubs, office culture, religious groups, professional organizations, sports teams, gangs, or small social connections. It is coupled with a strong need to give back or make a difference to the environment we live in.

Schneider Electric India Foundation’s has key initiatives on which it focuses:

1. **Education**

Training and Development programs that explain the connection between the company’s core products or services and the society at large, their value to the local community and ways in which employees can get involved in appropriate CSR projects would sustain and direct these initiatives.

- Electrician training for unemployed youth
- Scholarship to poor students to pursue engineering degree
- Educate school children about energy conservation (Conzerv My Planet)

Through tireless efforts, the employees have been able to make significant impact in each of these initiatives. Some of the key achievements of the Foundation have been- 26 Training centers operational across 12 states in India, 12 New Training centers opened during 2010, 1 women electrician training center in India, 2206 unemployed youth trained as electrician, 1800 trained electricians provided employment, 12 women from first batch employed in Chennai plant, partnerships with Jindals, Swarnbharat, ILFS, SRF, etc.

The need for having a more sustainable model of training the electricians in the community was identified by internal employees. The existing Electrician Training Program setup did not really provide industrial employment to electricians, but did equip them for household wiring only. A huge opportunity exists for trained electricians at industry level. The HR team and some internal experts took up the cause to design a robust course of one year, which would give the prospective people higher employability and fill the existing gaps of competency. The initiative saw a huge participation from employees as it was seen as an opportunity to make a real difference through designing the course, setting up laboratories for training in collaboration with Jindal Steels. The first AETP program floated at training centre in Orissa and Hisar, would have 40 trained electricians by the end of the course.

Through all of this, employees are given opportunities outside the organization, to collaborate, work as teams, develop leadership qualities and get their moments of satisfaction beyond work.

2. **Employment**

Provide employment support to trained electricians. Employees actively work towards seeking employment for trained electricians with panel builders and customers. Marketing and sales teams help young entrepreneurs in growing their business through sharing their own marketing experiences.

3. **Entrepreneurship**

Provide training support to electricians to start an electrical business.

January | 2012 NHRD Network Journal 63
charging stations were set up to provide lighting solution to 200 households

4. Electrification
Facilitate access to electricity at very remote areas without grid supply. 2 remote un-electrified villages were provided lighting solution with solar home lighting system to 65 households

5. Emergency during natural disasters
The Sustainability Factor
Celebrating success is important to sustain the momentum of any CSR program. Involving company leaders, and praising the success of these initiatives, gives the program real meaning. In the rapidly expanding global workplace, the celebration of these successes not only drives the implementation of Corporate Social Responsibility initiatives, but also allows sound corporate HR practices to enable them. At Schneider Electric, the company President plays an active role in providing the necessary direction and recognition to any CSR initiative. He along with the senior leadership team also acts as an example for the employees at large. For e.g., any donation drive for rural electrification or similar projects sees the senior leaders as first to contribute always. It is ensured that the successes and efforts are made known to the entire organization through various means of communication.

To create awareness amongst employees CSR initiatives in the organization are celebrated in a weak long extravaganza called Luli Week. This is a global phenomenon in all offices of Schneider - third week of June is a dedicated week to joy of giving. Besides creating awareness, employees also do a lot of fund raising through arranging games, food festivals. Blood donation camps and visits to charitable institutes are a part of the program. All employees across the globe participate to raise funds for the Foundation and the Foundation seeks equal funding from the company to match the employee contribution. SEIF primarily sustains itself through complete employee engagement and involvement.

Conclusion
HR has a major leadership role to play in initiating CSR practice in a firm. At Schneider, HR is already involved in implementation and communicating policies and ideas across the organization. They also are responsible for the systems and processes that are related to effective delivery. With HR partnering with CSR, the future of a firm can be strengthened in terms of its product responsibility, sustainability, and quality. However, it must always be remembered that employee involvement in CSR activities of the organization has far more significant results than anything quantifiable. It fulfills the human need to belong and adds purpose to the place of work beyond said responsibilities.
SKILLS BASED VOLUNTEERISM: HOW CAN ORGANIZATIONS LEVERAGE THEIR EMPLOYEE SKILLS FOR LARGER SOCIAL GOOD?

Dr SRIPADA CHANDRASEKHAR

Abstract

In this article, the author has begun by stating the symbiotic relation shared between companies and communities and how companies are now engaging their employee talents for the service of society. The author elaborates on the concept of Corporate Volunteering and types of corporate volunteering including skill based volunteering. The author further describes the effectiveness of skill based volunteering for the community at large, company and employees.

About the Author

Dr. Sripada Chandrasekhar is Head of HR, at IBM in India/South Asia. He has over two and half decades of executive experience in HR practice across the Public, Private and MNCs in India. Associated with several “new generation HR practices,” his thought leadership in HR practice places him among the top league HR leaders in India.

Organizations — specially the for-profit enterprises have a major responsibility in dealing with the larger social issues of the communities they operate in. Addressing these issues are not often a choice between business strategy and citizenship strategy. In fact, these strategies are increasingly converging. Companies and communities rely on each other. Recognizing this, companies are putting their employee talents at the service of society. Such an approach not only reinforces those ties, it strengthens a company’s values and connections with its people, both inside and outside the organization.

Across the world, companies are increasingly realizing that mere charity and “donations” are not good enough ways to deal with the festering social challenges. More enduring impact can be made only when sustainable and transformational solutions are executed in a holistic manner through hands-on involvement of the companies resources and importantly of their people.

For-profit companies in most cases access a highly talented workforce. They sit on skills and resources that are not ordinarily available to the rest of the society. This gives companies a unique advantage to deploy their employee skills at the service of society. Besides, employees too want to volunteer. This is even more true of the current generation of the young workforce. They all want to see ‘purpose’ behind their actions and are inspired by companies that are active partners in social transformation.
They covet the opportunity for ‘giving back’ and carve for a chance to volunteer. Employee interest in volunteering is growing since they are seeing this as an opportunity to stretch/ hone their professional skills by experimenting with projects outside of their work and also is a great opportunity for social networking. As this is voluntary and self motivated, this is often not viewed as another "task”. Volunteering for most employees is a doubly blessed event as through this they get as much as they give.

On the other hand, Governments and NGOs are struggling to cope with the challenging task of addressing social issues not so much through money, but through people’s skills and efforts. In fact there is more money chasing social causes than we are able to utilize. Its not often lack of funds that delay or dilute meaningful social work. It’s always the lack of efforts on the ground by skilled people that hold back the impact of best of programs. Easy deployment of volunteers can be an excellent way to fill the gap. And here’s the good news. People with the types of skills that can make a big difference are readily available. They’re sitting within the walls of businesses around the world and can be brought into circulation by just having employee friendly policies, tie ups with a few community projects and tools to equip them with the know-how or direction.

Because the skills that corporate employees hone every day-- driving product and service innovation, spotting new business opportunities, navigating financially through turbulent times—are exactly what non-profits need these days. And skills based volunteering also helps train organizations in things like social networking, project management or strategic planning so they can build their own expertise. At the same time, businesses are realizing that they can have a greater impact on society by providing their employees’ skills-based service to volunteer organizations.

**What is corporate volunteering?**

Corporate volunteering is the act of a company committing and encouraging their employee to volunteer in the non profit organization or other community welfare organizations and activities. Over the years, more and more Indian companies are also adopting this model of employee volunteerism as part of their CSR initiatives. The volunteer contributes his/her skill, time and experience, without any monetary benefit, for the well-being of the community and society, and in doing so, helps influence positive social change.

**Employee volunteering is not philanthropy.** In order for the program to function as a part of the company’s CSR / corporate citizenship strategy, it is essential to integrate the program within other functional and departmental strategies.

**Why Volunteering?**

Volunteering has several benefits for the company as well as the employees. Volunteering leads to personal growth and development. It can be a fun and rewarding experience, especially when it's for a cause that's important to you. Volunteering also provides key career experience and teaches you valuable job skills. Among other things you improve your:

- Communication skills
- Interpersonal skills
- Time Management skills
- Organizational skills
- Team building skills
- Leadership skill

Companies need the communities they operate in to be stable and healthy. They recognize that volunteers play a key role...
in developing and maintaining healthy communities. For companies, a motivated and highly committed workforce is indispensable for its success and profitability.

Many studies have underlined the fact that employees who volunteer through their workplace report more positive attitudes towards their employer as well as colleagues. An interesting benefit to employers is the improved physical and emotional health of employees who volunteer.

**Types of Corporate Volunteering**

**Traditional Volunteering:**
here are several types and levels of volunteering that companies around the world involve in. There is the 'traditional volunteering', which is non-technical service, low leverage of corporate resources for example: tree planting, cleaning the local beach, painting the neighborhood school buildings, etc. These traditional volunteering efforts are good and a simple way of keeping the employees motivated. This type of volunteering will be under the general CSR efforts of the company aimed at projecting the company as a responsible corporate citizen and enhance the reputation. It also boosts employee morale.

As in most CSR activities, corporate volunteering is also measured more in terms of quantity rather than in terms of quality or the impact it has created. Therefore, companies are now focusing more on "High-impact Volunteering"

**High Impact Volunteering:**
This trend to move up the corporate volunteering value chain to High Impact Volunteering includes: International Employee Volunteering as well as Skill Based Volunteering.

International employee volunteering is when companies send employees from one country to work in another. This corporate citizenship strategy may be an aspect of a company’s global volunteering program in that employees from one region or market travel internationally to volunteer alongside employees in another region or market. International Corporate Volunteering is a proven approach where companies use their most valuable assets to make both social and business impact.

Currently, only a few companies have employee volunteer programs that include opportunities to go abroad. The recent report "Global Companies Volunteering Globally" noted five large multinational firms that have publicly committed to expanding their international employee volunteer programs; BD, Dow, GSK, IBM and Pfizer. Besides the five noted in the report, a number of other companies are currently investing in or enlarging their international employee volunteering programs.

Pfizer for example sent 6 - 7 employees to Africa to work with a NGO "Mothers to Mothers" to support the organization’s efforts to prevent HIV transmission from HIV positive mothers to their children. This reflects several hundred dollars worth of free services.

A recent study titled "Volunteering for Impact" (September 2007) conducted by FSG social impact advisors supports this view that more companies are now moving away from traditional volunteering to high impact volunteering. The key findings are:

1. Companies are identifying strategic business reasons for engaging in ICV: stakeholder relations, engaging with critical customer segments or with supply chains.

2. Leveraging their corporate resources such that there is higher impact per volunteer. This is skill based
volunteering that is taking the professional capabilities of employees and bearing it on social issues and problems.

**Why skill based volunteering?**

While the traditional reasons like corporate citizenship, company reputation and employee morale are valuable in themselves, they underestimate the potential of volunteering to increase business or social impact.

Skill based volunteering that aligns employee volunteering to the strategic business motivations and leverage the corporate assets and expertise raise the bar and result in higher impact. Employee volunteering that is aligned to corporate strategy like stakeholder relations, customer focus, competitive context and leadership development have more chances of drawing on the workplace skills of employees and the company’s distinct corporate resources.

Here are some examples to illustrate how a company aligns its volunteering efforts with a corporate strategy: Starbucks used to send its volunteers on expeditions to several countries not related to their business. However, when they thought about how it is linked with their business, they started sending their skilled employees to Costa Rica and the coffee associations. This way they could have a direct understanding of the supply chain from where they get the coffee.

**IBM experience in Skill Based volunteering**

At IBM, there is an extensive experience in understanding the simultaneous impact of skills-based service on society and the company. This belief that business has a societal responsibility is one of its founding principles. Volunteering is an intrinsic part of the IBM culture. IBMers volunteer more than any other company in the world - since 2003, the total recorded hours is more than 11 million hours of service.

IBM’s Corporate Social Corps (started in 2007) is another classic example of skill based volunteering. According to Stanley Litow, the VP of IBM Corporate Citizenship & Corporate Affairs as of February 2011, in just three years, IBM sent a total of 100 teams to 20 countries around the world. These teams were made up of 1,000 employees from 50 countries in which IBM works. Stanley Litow views these 'citizen-diplomats' as something more than a means to making IBM more productive and profitable. These programs work towards a more civil society on a global scale, to the benefit of all.

Experiences of many companies point out a few key ways to make Skill Based Volunteering effective for the communities, companies, and employees:

**Give Employees Tools to Succeed**

It is important to give employees the same quality of support in their skills-based volunteer efforts that they get in their jobs. This can include partnering with online volunteer sites to help employees find and match their expertise and education to opportunities, offering a service to help employees assess how to apply skills successfully, or providing online training to improve volunteer ability. Companies can create libraries of resources for employee volunteers that provide "how-to"s on student mentoring and grant making or technology or toolkits employees can use on their projects, such as project management software. For example: different tool kits for students from teaching soft skills, basic Math and English to technical guidance are available on the IBM intranet. These are used effectively by volunteers over weekends across schools.
Matching social projects with employee skills

Building a house, cleaning part of a river are the classic examples of community service. They’re crucial to making the world a better place. But often the particular expertise that employees in the corporate sector can offer to society isn’t carpentry. It’s analyzing and improving a non-profit’s internal operations. Applying employees’ expertise in this way provides non-profits with the kind of consulting services they often can not afford otherwise. Helping a social work organization with strategic and business planning, volunteer management, marketing, fund-raising, logistics are unique capabilities that only people from the corporate sector can bring in. But if employees wants to pick up a hammer too, by all means encourage them.

Invest and Train

It’s important for companies not to assume that employees with interest in volunteering have the skills to do so. Being skilled in various professional areas is a different matter. But volunteering is a skill in itself. This does not come naturally to all. Volunteering is a skillful task of understanding requirements and adapting personal styles of working to suit the resources, culture, education and context of the recipient community. Listening, empathizing, understanding, assimilating, persuading, influencing, adapting, etc are many vital traits that good volunteers possess. They can be learnt. But you have to be trained and oriented for the same. Progressive companies recognize the importance of the skills and traits of volunteers and spend conscious time and effort in imparting these skills.

Offer Choices and Keep Projects Going Year Round

When possible, support more than one cause or initiative. Employees want to make their own choices about where they volunteer. Provide them with alternatives that keep them engaged and excited about their work and the company’s societal efforts. Partnering more widely also increases the impact a company can have on a community. Another key component of demonstrating commitment is keeping skills-based volunteer projects going year round.

With resources stretched tightly, both non-profits and corporations need a more effective approach to volunteering. Skills-based service works. It’s practical and purposeful. It lets employees contribute their unique talents and gives them the chance to build leadership, communication and decision-making expertise. Skills-based service provides social causes with those specific expertise that they desperately need. Above all, the approach accomplishes what everyone wants—making the world a better place.

Giving fish to teaching fishing is the essence of effective social work. Enduring and sustainable impact can be brought about only if communities are imparted with reusable renewable skills. Trained volunteers understand these key requirements and make contributions that help build capacities in the long run. Companies will do a lot of good to themselves and to their employees if they encourage and enable skills based volunteerism.

References:
HR AND CSR – THE RPG PERSPECTIVE

KUMAR PRIYARANJAN

Abstract

Can HR champion a bold and successful CSR initiative and that too as part of a green field project? Absolutely! This article takes us through a successful case study of a green field project in Nalagarh, Himachal Pradesh carried out by the RPG group championed passionately by the HR Head. It all started with the HR Head touring 10 districts of HP out of 12 to scout for young local talent. A rigorous training program and after 1 year of work experience, the members were enrolled in a B.Tech program. Encouraging business outcomes in terms of increased productivity and lower customer complaints has ensured that this approach has been enthusiastically embraced across the entire group.

About the Author

Kumar Priyaranjan is currently Head - HR of Raychem RPG. He has been instrumental in putting several people related policies and initiatives in place that included Recruitment, Induction, Learning & Development and Recognition Policies. He has close to 2 decades of work experience and has worked with Taj Hotels, TCI and Dr. Reddy’s Laboratory.

Collaborative approach with society will be an essential requirement for viability and sustainability of the business enterprises in future. This requires Human Resource (HR) function to work in a manner that makes the organization sustainable and future ready. In all aspects of its functioning such as manpower planning, hiring, compensation planning, training, career planning, etc, HR must incorporate social responsibility as the essential criteria in choosing options and finalizing policy. For human resource professionals this is an additional responsibility. They must embrace and ensure that corporate social responsibility (CSR) considerations are interwoven in their functioning and the HR polices of the enterprise must reflect this. This will ensure that HR is making the organization sustainable for future growth.

In this article, we share one such example, where HR significantly helped the business in taking socially responsible decisions in building and developing a green field project in RPG Group.

Business background

RPG Group is a large diversified conglomerate with turnover in excess of $ 3 billion. Raychem RPG Limited (RRL) is one of the fastest growing companies in the Group with a turnover of nearly $100 million. It’s broad ranging diversified product portfolio consists of cable jointing kits, transformers, gas meters and energy meters, components for engineering...
industry, anti corrosion treatment for oil and gas pipelines and telecom components. In this article, we present the initiative that RRL took which illustrates how business interest is best served by adopting HR policies which are socially responsible.

**HR and CSR - an integrated approach**

RRL decided to put up a green field project in Nalagarh (Himachal Pradesh) to manufacture energy meters and transformers. The HR Head was called upon to initiate hiring, inducting and training people for the business. At this stage, the HR Head studied the business case, project plan and took the lead role to initiate an appropriate approach, which would take the organization to the next level and also help the society. The HR Head recommended self managed team (SMT) approach for manning and functioning at the new manufacturing site. This would enhance productivity; develop community of talent, and prepare youth for employability. The HR Head opted for the tougher route of proposing and persuading the business to adopt SMT, a new socially responsible approach of manning and functioning, rather than following the easier option of just going ahead to meet the demand placed by the business.

SMT was new to RPG as well as RRL management. Hence, the HR Head had a tough job of convincing everyone about the business as well as the social benefit of adopting this new approach. Seasoned business managers didn’t just agree to something new, which they didn’t experience in the past, just to do CSR. According to them CSR could be done separately, and not to mix it up with business and create unwanted business consequences. Convincing the senior business leaders including the President of RRL was a big challenge!

The HR Head took the challenge of convincing the business leaders in RRL. He started a conversation about the manning system and people processes at the grass roots, which would help improve productivity as well as help the needy ones from the society. He explained the benefits of SMT model to President first. There were valid questions and concerns, which were addressed. The HR Head also invited subject matter expert from Centre of Excellence in Organization (CEO) to explain it from their perspective as they were helping many companies in implementing SMT in India. To make the key people understand the underlying values and details of the concept, a structured learning session was organized followed by visits to the companies where SMT was successfully implemented. The HR Head also entered into several rounds of further dialogues with each member of the senior management team over the next three months. It was important that each one of them got fully convinced and was prepared to try this new concept.

Finally, after all this background work, a meeting was reconvened with the senior team to debate on the merits and possible pitfalls of SMT systems and processes in the context of RRL business. The session focused on ‘how and why SMT would not work for RRL business. Next levels of business managers were also inducted to the concept of SMT. Some commented that it might be great on paper but it won’t work in reality; may be difficult to implement as the candidates would be freshers; might have worked in other industry but RRL business was different. But having known the merits and long-term benefits to the organization, HR continued working on business managers to bring them on the same page of understanding the concept.

Business needed experienced hands to produce quality products or services as
per the specifications of customers. Transformer business Head brought out the valid concern that every transformer was a unique product as it was manufactured as per specifications and every unit was different from others, hence how he could take risk with fresh youngsters. Quite Valid! Business had to be profitable and that was not to be compromised.

HR worked out the business case and short term; medium term and long-term benefits were established. In addition, second line leadership was also put through the same process of visits and discussions. Thereafter, a daylong workshop was organized to revisit the learning and benefits to RRL business.

President was very clear that RRL will embark upon this new approach only after the entire senior management as well as other managers at operational level were totally on board. Therefore, the HR Head facilitated several workshops for top three levels of the company so as to ensure every one understood the SMT concept, all its consequences and implementation details. Every issue was discussed, debated and possible answers were arrived at together with the team. After getting buy-in of the entire management team, it was collectively decided to embark on the journey of SMT.

The implementation

Self Managed Team (SMT) is a team of interdependent members who are trained, developed and educated in technical skills, behavioural competences and corporate governance. The members have shared authority and responsibility for end-to-end work assignments. Each of the members is trained to plan, implement, execute and the work. It makes the organization structure leaner.

Manning strategy involved hiring of 10+2 pass out young and needy boys and girls in the age group of 18-21 years from municipal schools in rural areas of Himachal Pradesh. Most of them were first generation getting into jobs. Families couldn’t afford to send them for any further studies and these people would have got engaged in sundry jobs in nearby areas.

In the first phase, a cross functional team led by the HR Head himself went around the 10 districts (out of 12) of Himachal Pradesh scouting for right talent from amongst the needy youngsters. Two hundred boys and girls from rural areas of Himachal Pradesh were hired and put through rigorous three months training and orientation program in collaboration with The Art of Living, Centre of Excellence in Organization (CEO) and other academic institutions. All SMT members were put through rigorous structured training in behavioural programs, spiritual orientation towards life, yoga and meditation, spoken and written English, computer literacy, corporate etiquette, in addition to Electrical Engineering, Mechanical Drawings in collaboration with University of Engineering & Emerging Technology.

In view of business needs, nature of business and culture of the organization, several HR processes were modified to make them more effective and facilitate delivering results faster. E-Scorecard, the performance management system, structured skill development program, Skill based progression system (SBPS), community learning practice, Learn–Teach–Learn (LTL), self governance system, Human Values Action system (HVAT), Open Communication Continuum (OCC), are some of the major pillars of this system, which take the members to next level of meaningful life.
Under the mentorship of seniors in different functional areas, SMT members got trained and became ready to take independent decisions in the defined framework. To prepare them for their decision making role, they were also trained on problem solving tools like Pareto analysis, fish bone analysis, 7QC tools, why-why analysis; work planning, operational execution and decision-making. This prepared SMT members to work without supervision.

**The Self Governance System**

With HR intervention, Human Value Action Team (HVAT) consisting of some SMT members was formed which created governance system. HVAT acts as a disciplinary body, which looks into all issues pertaining ranging from personal conduct to performance at work. Once any disciplinary issue arises, this team investigates, discusses with the concerned person and also awards suitable punishment which ranges from counseling to issuing notice to even termination from services of the company. The team has indeed taken decision to terminate people in the past in Nalagarh.

**Creating Employability for Future**

All SMT members after one year service in the company have been enrolled in a B.Tech program with accredited engineering college, wherein a team comprising of professors and company’s technical experts custom designed a four years engineering degree program. The classes are held during off hours in the evening and weekends. These young people after one year of service with the company are now doing engineering studies. After five years, they would have a degree in hand and five years experience. They will move out of shop floor and advance to suitable positions in the RPG Group or outside in the industry if they so decide.

**The business impact**

This initiative (SMT) clearly showed increase in productivity, reduced customer complaints, lesser cost of employment, multi skilling and highly optimized time scale on the shop floor. It also helped release senior’s time for more strategic and value added work.

It was able to help substantially enhance employee engagement level. Employee morale was up. People were seen going the extra mile beyond the normal call of their duty. Enhanced employee consciousness and commitment led to cost saving in all areas of operations.

**A responsible employer**

Encouraged by this successful experience of RRL, across RPG Group, SMT Concept has been embraced as the way of running all new factories. As a socially responsible employer, RPG Group now hires people from underprivileged families at the grass root level as SMT member, in all its green field projects. Company then ties up with local academic institutions to help them advance their career based on additional qualification. People from underprivileged families get a career break and the businesses benefit by having highly productive and engaged workforce who are committed to their career advancement.
The world is changing, and fast

The world around us is changing at a rapid pace and one trend that stands out is the shift from the west to the east. Developing markets are now recognized as the true engine of global growth. By 2020, these markets will account for over 70% of the world’s growth in consumer spending; India and China alone will contribute to around 40% of this growth. This growth brings with it exciting new opportunities - but this will not be without its challenges. This pace of growth is expected to have a dramatic impact on the world’s environment.

With the global population approaching 7 billion, we are today consuming resources at a rate greater than the earth’s ability to replenish them. If the whole world consumed at a rate that UK does, we would need the resources of three planets. If we consumed at the rate of the US, we would need five!

Given the above scenario, businesses have a shared responsibility towards the

CORPORATE SOCIAL RESPONSIBILITY AND HR : REDEFINING BOUNDARIES

LEENA NAIR

Abstract
Imagine young graduates from premier business schools spending 4 weeks in a rural district in UP, over forty years ago! “Doing well by doing good” underpins the organization strategy at Hindustan Unilever and this rural immersion initiative has been the cornerstone in their community work initiative. HUL Sankalp is a formal employee volunteering initiative and Life Buoy Billion Better Lives is the single largest private rural health and hygiene education program undertaken anywhere. This article takes through the beliefs and thinking behind these initiatives at HUL. Also the global direction and programs such as the Unilever Sustainable Living Plan that forms the basis of the CSR approach at Unilever.

About the Author
Leena is an Electronic Engineer who discovered her passion for people and HR and switched lanes. She is a gold medalist and MBA in HR from XLRI, Jamshedpur.

She has worked with Unilever for the last 19 years in a variety of roles like - Employee Relations Manager, Management Development Manager, Business Partner for the Home & Personal Care Business. She also leads HR for Unilever South Asia.
environmental and social agenda, along with governments, NGOs and other parties. A business not only has a responsibility towards its shareholders, but equally so to other stakeholders - consumers, employees and not the least, communities through which businesses draw sustenance. Businesses need to deliver economic value and at the same time be able to deliver tangible social value to the society in which they thrive.

The Unilever approach to sustainable growth

Unilever’s commitment to sustainable development is not new. In fact, we have been recognized as leaders in our industry by the Dow Jones Sustainability Index for 12 years. We have set a new vision for Unilever - we will develop new ways of doing business with the aim of doubling the size of our company while reducing our environmental impact. Our ambition is to decouple our growth from our environmental impact across the lifecycle of our products. This is an audacious ambition that the company has set for itself and calls for us to challenge our ways of thinking and question the status-quo.

Last year we launched the Unilever Sustainable Living Plan, setting out a more sustainable way of doing business. The Unilever Sustainable Living Plan has three big goals: To halve the environmental footprint of our products across the value chain, to source 100% of our agricultural raw materials sustainably and to help more than a billion people take action to improve their health and well-being. Together, these three goals commit us to growing our business in a way which helps improve people’s health and well-being, reduces environmental impact and enhances livelihoods.

Community work, which is essentially about involving employees and leaders in driving our sustainability agenda forms a key enabler of our sustainability approach.

The imperative for community work

Community work is the mechanism through which employees and leaders are co-opted into the organization’s sustainability agenda. Why is community work important?

- An organization does not exist only to satisfy its shareholders - there is an equal responsibility towards employees, consumers and the community. The organization does not and cannot exist isolated from the community in which it operates. It draws sustenance from the community - for talent, for raw material and for markets. It follows that its employees be sensitive to the issues and concerns facing the community and community work is an opportunity that will connect employees to its community.

- It is crucial to make every employee involved in contributing to the sustainability agenda to make it inclusive and holistic as an organizational thrust. Organizations not only need to focus on building manufactured and financial capital, but equally on social, human and natural capital.

- Studies have indicated that organizations that demonstrate a
genuine responsibility to their employees and the communities in which they operate show higher levels of employee engagement, which is a key leading indicator of shareholder value. If you want increased engagement levels amongst your employees, invest in sustainability.

The HUL Way

Hindustan Unilever’s community work started way back in the sixties when management trainees spent four weeks at a village in Etah working on projects relevant to the community. This rural immersion for all management trainees has been the cornerstone of our community work initiative. Many generations of leaders that have been through this immersion attest to the deep impact it has had on them as individuals and the way it sensitized them to real India very early in their careers.

• Rural Programmes for Managers: All Management Trainees are required to go through a rural stint and spend time working on projects that address the concerns of the rural population. They get to interact with the rural consumer and understand their profile, psyche and lifestyle.

• HUL Sankalp: This is our formal employee volunteering initiative. In 2008, our 75th year in India, our employees committed to volunteering one hour for each day HUL had been in India, which collectively meant 27,375 hours of community service and volunteered more than 48,000 hours. The programme is driven through a company-wide portal that simplifies the process of volunteering for an employee.

• Lifebuoy billion better lives is the single largest private rural health and hygiene educational programme undertaken anywhere. The programme aims to educate people about basic hygiene habits targeting school children, women and community elders.

To ensure that the message of hygiene awareness is received well, the programme involves a range of engaging activities, including quizzes, games, songs, and the popular 'glo-germ' demonstration kit, with which one can see the germs on the hands, even after they have been rinsed with only water. This proves that using soap is essential for staying healthy. Since 2002, the project has touched more than 120 million Indians. In recognition of this massive effort, the Indian Postal Department released a special Lifebuoy Swasthya Chetna Postal Cover in 2006.

Lifebuoy also supports the Global Hand washing day. It is an annual event backed by the Public-Private Partnership for Hand washing with soap, of which Unilever is a founding partner. On this day, employees across the country pan out to schools and raise awareness on the importance of hand washing through a variety of innovative aids.

Hindustan Unilever has always believed in 'doing well by doing good' and this underpins our organizational strategy. Over the years, this has struck a chord with our employees and adds meaning to what we do. If I were to think of one example that strikes me instantly when I think about this, is how our Project Shakti has transformed lives
of rural women and brought growth for our business at the same time.

A manufacturing base spread across the length and breadth of the country and largely concentrated in Greenfield locations provides us with an opportunity to impact lives directly. Our Greenfield sites follow a local employment policy, thus generating livelihoods directly. Each of our factories anchor a simple community initiative basis the requirements of the area. In Assam, we started Sanjivani, a mobile medical service in 2003, to offer effective medical care in villages surrounding our Doom Dooma factory. The objective was to meet the basic medical needs of people living in the remote villages through a free mobile medical facility. Apart from basic medical services, Sanjivani also spreads awareness about hygiene, child immunization, family planning, etc. The project covers a radius of 40 km around the factory with two mobile vans equipped with basic medical equipment and a specialized team. On an average, 400 Sanjivani medical camps are conducted every year in remote villages surrounding our factory. The project is run in close co-ordination with the local administration and its progress is reviewed every quarter.

**Embedding sustainable thinking**

Organizations will need to do much more in the future. In a context where consumers, employees and potential candidates become more conscious of the concept of 'responsible existence' in the community and society, as they do for growth, companies will need to embed sustainable thinking into the culture of the company - intertwined with its rituals, processes and stories.

*Growing sensitive employees:* Employees will need to be aware of the societal context in which their company operates - depending on the location, it could be related to the environment, hygiene, water, health, et al. Awareness would need to be built not just through pedagogies like e-learning and classes, but would also need to be reinforced at regular intervals by integrating it with other learning opportunities. It is equally important to build this as part of new hire integration. However, it is not sufficient to build awareness, it is important for it to be translated into sensitivity. Building sensitivity is more difficult and will need to be driven through a mix of immersions (experiences that make an employee understand what happens at the grassroots), projects and facilitated discussions.

*Bringing in enablers:* Company processes and culture should facilitate the process of growing sensitive employees. In HUL, we have a budget for every employee who wishes to do community work - a simple enabler like this sends out a message that the company encourages volunteering.

*Bringing in focus:* It can be easy for an organization’s corporate responsibility efforts to get dissipated across disconnected activities and interventions. What’s important is for
an organization to have a clearly articulated sustainability agenda. e.g., HUL’s primary focus will be on Water. All effort is directed keeping in mind this focus and community work is aligned accordingly. Employees need to see tangible results out of their contribution and focussed effort will drive big, tangible results.

In Conclusion
Community work is no longer a desired activity for corporations - it is a business imperative. In tomorrow’s world, everyone from consumers to potential recruits will want to deal with and be associated with an environmentally and socially responsible organization and community work is an enabler to making this happen.
BEING PART OF THE SOLUTION

MATTHEW SPACIE

Abstract

In this article, the author who has been at the helm of both a corporate and non-profit highlights about the need for collaboration between the corporate sector and the social sector. The author goes on to elaborate that unless there is a good leadership, this collaboration cannot be successful. The author concludes that over the next decade, we need good leaders who are willing to risk to facilitate changes in the society.

About the Author

Matthew Spacie, MBE, who was the COO of Cox and Kings in India and was a co-founder of Cleartrip, initiated Magic Bus in 1999 with a rugby team formed with children living on the pavement outside his office. Over the past 12 years, he has grown Magic Bus into an international organization that uses a mentoring-based approach towards children’s development. Today, Magic Bus works with 200,000 children and 6,000 youth from some of India’s poorest neighbourhoods. Find out more on www.magicbus.org

The new management paradigm that is fundamentally redressing the way corporations can impact large broad societal challenges.

Having been at the helm of a corporation and a non profit and therefore having sat on both sides of the proverbial fence, it’s clear that our ability to solve some of the bigger societal issues has to a large extent been ineffective. Some of our biggest issues - poverty, environment, fair political and societal systems just don’t seem to be getting better fast enough. In absolute terms, everything just seems to be getting worse.

But that’s not because there aren’t sufficient resources always - If we take education for example, the government now spends billions of rupees on education and claims that 98% of all children under 11 are within 2 Kilometres from a school. Also out of the current 3.5 million NGO's, a sizeable proportion are focused on education as are the increasing number of corporate rupees. Yet we still have 50% of the worlds illiterate children, just over 15% of girls stay in school post 13 years and some suggest 60% of children can’t count to 10. So the numbers don’t seem to stack up.

It's in this context that if we don't look at collaboration, a shared value system, a common purpose, we will continue to take two steps forward, one step back, in most of the larger societal issues we are challenged with today.

Ironically, collectively we seem to know the answers. To move from poverty, for example, you need three major things to happen - usually simultaneously.
Academics and social sector experts tell us we need the following things to be present; empowerment - in education, health and gender; access to markets; and lastly, robust social and political systems. Et voila - you move people from the condition of poverty. We know this to be true, yet we can’t seem to do it. Without creating too linear or simple an answer, it jumps from the page - that no one entity can act in isolation to solve this and mega issues like this that are impacting India.

But different sectors don’t want to partner – in fact we are tuned not to partner. In my current capacity as CEO of a social organization, I see the level of competitiveness that exists within this sector. Generally each is run by a highly passionate individual and that operates in a limited geography and scope of work, a territory they will defend vehemently. I’ve been the COO of Cox and Kings and a co-founder of cleartrip.com, operating in a highly competitive travel market, but nothing was to prepare me for the social sector! It can be a highly fragmented market place where many of the actors are doing great work, but without consolidating services are limiting large scale impact.

So it’s been tough for the corporate sector to understand and interface with the social sector. There is deep suspicion from both sides. Often capitalism has been blamed for many of the problems and corporations hadn’t learnt how to embrace the opportunity that now seems to be unfolding. There is no doubt that the vernacular has changed, that a new empathy is apparent on both sides and a deeper understanding that alignment and partnership are the new paradigm.

But to be successful we need good leadership. Leadership needs to become a process, a verb not a noun. To collaborate, we need to do things differently. If collaboration is to be effective, each party needs to respect and recognize the different cultures of other organizations. Traditional development paths do not prepare leaders well for this. Traditional management development is based on giving potential managers a team of people and a set of resources to control - success is rewarded by giving more resources and control. By contrast, collaboration requires managers to achieve success through people and resources outside their control and for this they have had no preparation.

As many things do, we are moving at such speed that the very existence of corporate engagement, a new concept for most, is just being realized and already the dialogue has evolved often out of the cultural reach of many companies. We are moving from the recent situation where companies didn’t even recognize the problem, or if they recognized, it certainly wasn’t the responsibility of the corporate body where it may become a key ingredient to its very survival. I think this is also wrapped in many socio cultural / religious paradigms manifesting in behaviours that strongly overlap with this dislocation between profit and social issues.

In the late 90’s, at a time when giving truly was an act of charity and the tones of power very much layered in with the gift, I remember sitting behind my ‘DN Road’ desk, and being asked by a number of non profits for donations. It astounded me that most of these incredible people were working in isolation of a larger system and not seeing the value of a more equitable relationship, which I found frustrating. My personal journey was to understand better how I could incorporate ‘business’ skills to sustain and build social sector organizations.

Soon after, corporations wanted to ensure their brand was associated with
some good work. When I started Magic Bus, I remember some extraordinary conversations with companies ... we'll pay you to get your children to clean the street from outside our office and we want your children in our T Shirts... We didn't do that, but I remember turning up for the launch of a soap powder with Jonty Rhodes and some Magic Bus children for a donation of Rs 50,000 – where over 50 press and television stations had been invited by their PR company!

We then moved into the era of Corporate Social Responsibility. This was invariably either about building or protecting the reputation of a company. During the 90's, in more developed economies, the caretakers were busy changing the name plates from the Communication Department to CSR and making sure that there were enough hanging pictures of local communities, children in Africa and lots and lots of smiling staff. But still this was an important time as it showed for the first time the willingness and ability for corporations to recognize and contribute to some pretty big issues the media started telling us about - this was the start of a much greater corporate consciousness that was to follow. The new MNC’s brought a more institutional approach to CSR and during the early part of the 2000’s, we started seeing a number of companies incorporate broader societal involvement. It was also the time I started to hear reference to performance and transparency on the lips of most of our partners. We started balance score carding and providing social return metrics and this seemed to create a tremendous bridge.

More importantly at Magic Bus we started changing our strategy to one of 'transference of value' to both the corporation and the community where Magic Bus would be the interface. We pitched two things - 'we would communicate the good work you were doing to various stakeholders and we would work with your human resource department to understand the mutual value in the development process of marginalized children and shop floor staff'. We would run programmes where they were part of the process and we would make sure the local media were involved. HSBC is a great example of how staff members were taught to be facilitators on team building programmes in the outdoors for children living in the slums of Mumbai. Leadership for them, socialization for the children – and it sustained the programme.

The sector then graduated to a deeper understanding of the value an organization can bring and how it can impactfully leverage its own competencies to help build capacities and solve a shared problem. Corporations generally have the tools to make a major impact on societal issues. In some respects it was the 'coming of age' of the discussion on shared value systems. We started to see a more balanced partnership approach, more trust emerged and so the social sector became willing to be more transparent with its reporting.

I think this is where most people are right now in India. However, we are seeing a slow move by more enlightened organizations from CSR where social issues were seen on the periphery, to a space where organizations are seeing the necessity and advantages of building common and shared values into their DNA. Corporations are understanding the long term benefits financially by addressing the broader needs and challenges of society and therefore their stakeholder base. Corporations need a healthy society and they need economic prosperity.

A great read on the subject is an article in the Harvard Business Review by Porter...
and Kramer who argue the economic benefits of understanding and creating common shared Value (CSV). This will work most effectively when they embrace tripartite dialogues between government and social sector organizations and how the leverage of all three can multiply impact. They address the three ways to look at common shared value -

a) New products and services - using innovation and technology, industry is learning to leverage its ability to solve big problems. For example, in the technology space, farmers in Kerala are using software that provides mobile information on weather and market prices.

b) Creating innovation in the value chain. They explain how companies need to create value in their own value chains - industry is creating more environmentally sensitive packaging, redefining logistics and purchase policies to reduce carbon emission and working with their employee base to create a healthier work force.

c) The creation of clusters of development. To build geographic areas of excellence and work with the many actors in one area to improves the standard of living and productivity in a pre-defined area or sector. It is often a mechanism to reconnect with communities and can involve a broad based partnerships across education, health and infrastructure.

The catalyst often lies when economic interest strongly overlaps with social outcomes and therefore it makes good sense. Hindustan Unilever, for example, has established an enormous distribution network through Project Shakti for its products, engaging 2,000 women from villages across India to create a clean hands campaign and distribute its products.

One space that India really does take the lead is in the new domain of social entrepreneurship. A social entrepreneur recognizes a social problem and uses entrepreneurial skills to organize, create and manage a venture to achieve social outcomes and often profit. A business entrepreneur typically measures performance in profit and return, a social entrepreneur focuses on creating social capital. They are leading the discussion that not all profit looks the same. I allude to this now because India is prolific in both the number and quality of social entrepreneurs. We have the perfect mix. A young fertile entrepreneurial spirit, the substantial wealth that exists in India and enough problems to solve for many lives to come. In many ways, they are the interface for corporations and social sector organizations - they are passionate about solving something and they know how to leverage business skills to achieve it. They are incredible conduits for shared common value - they have the skills to communicate a vision and bring multiple actors and capital to the party.

The function of a corporation in the community is to create economic prosperity and companies need not shy away from this. It is a given that every corporation needs a healthy community and there is a strong intersection between what corporate require to thrive and the societal mission of government and civil society. Therefore, companies should identify the set of societal challenges that it feels it has most synergy with and that 'fits' it longer term strategic goals.

Especially but not uniquely to India, a really thorough audit of the environment needs to take place when making this decision. Dialogues with NGO's can be tough, dialogues with government are tougher and require a deep understanding of organization culture. However, creating
shared values through the political landscape is essential in India and we are starting to see this work well in areas of education and governance, where movements of corporations and civil society are creating resources for change. They are demonstrating that without the interplay of government, corporation and civil society the big challenges simply can't be solved.

Leadership at board and CEO level are crucial to set the tone. If this does not happen, the chances of failures are high. Once the desire to create shared common value is embedded, it needs a process of facilitating change into the management fabric over a period of time. This can take considerable time - something often counter intuitive in today's corporate body.

Shared common values is not a new management luxury, the stakes are much higher - if we don't take common responsibility then some of the fundamentals around us, which we have taken as a given will start to erode. We are at a crucial time in our evolution in terms of the socio, economic and environmental challenges we face.

The price of not creating a common approach to improving our community is high. Crucially over the next decade, we will need visionary leadership to see beyond the single bottom line. Business leaders who are prepared to take risks, using resources they do not necessary control to reach bigger societal outcomes. They have the opportunity to facilitate incredible change in this land of opportunity.
REDEFINING BOUNDARIES: THE MARUTI EXPERIENCE

S Y SIDDQUI

Abstract

The article traces the gulf between rich and the poor and argues that CSR for any organisation is not an option today but is an essential and integral part of it. Through rich experience at Maruti Suzuki, the author cites how HR can play a vital role in building CSR as an integral part of all its efforts.

About the Author

S Y Siddiqui is currently Managing Executive Officer, Admn. Head HR, Finance, IT, Company Law & Legal, Maruti Suzuki India Limited. He is also responsible for Corporate HR for Suzuki Powertrain (Engine Company) and Suzuki Motorcycles, a Part Time Director on The Board of Suzuki Motorcycles and Special Invitee on the Board of Suzuki Powertrain India Ltd.

A Post Graduate in HRM, Siddiqui has a career track of around 30 years in the HR Function of good Indian Corporates as well as MNCs such as Escorts Limited, DCM Group - DCM Toyota Limited, DCM Daewoo Motors Limited, DCM Benetton India Limited, New Holland Tractors India.

“I have always believed in giving back to the society. As I am interested in teaching, I teach children English, Mathematics and Computer at the volunteering centre. I am proud to say that after only three months of rigorous coaching, the children have learnt to frame sentences on their own, they even write short stories, pen essays. Their understanding of tenses, verbs and basic English grammar has also improved.”

These are the words of our young employee Piyush Manocha, who besides being an engineer at Maruti Suzuki, is also a volunteer. He spends his free time with children at NGO Literacy India’s Saket centre with a focused commitment to help underprivileged children perform better at academics. Piyush, like many other employees in the Company, is a member of our in-house employee volunteering programme e-Parivartan. The programme blended the Company’s CSR and HR wonderfully and has changed the way an average employee looks at CSR.

* HDI assesses progress in health, education and income indicators
CSR: A NECESSITY, NOT AN OPTION

The nature of CSR in the country and that of Maruti Suzuki has evolved over the last one decade and seen several changes. Short-term, charity-based, donor-driven social programmes are today being replaced by long-term social engagement initiatives aimed at creating "shared value" for the corporate and the community. Corporates have come to realize that business cannot succeed without a meaningful connect with the society at large and have started considering CSR as an imperative for doing business, rather than an option.

In the 2011 Human Development Index (HDI)* survey conducted by United Nations, India ranked 134th among 187 countries, standing behind its neighbours; Sri Lanka and China that ranked 97th and 101th respectively. This clearly indicates that the economic development that India has witnessed has not percolated down evenly. There are pockets of prosperity as well as large terrains of extreme poverty, thus making a strong case in favour of CSR.

In the recent past, we have witnessed many instances of faceoff between the society and the corporates. Societies aptly supported by social activists and NGOs can potentially jeopardize carefully crafted business growth plans. Realizing that the harmonious relations between the community and business are essential for a sustained economic growth, the Ministry of Corporate Affairs has formulated voluntary CSR Guidelines. These guidelines will surely bring consciousness among corporates to embrace CSR in a holistic manner. The government has also made it mandatory for PSUs to spend a certain percentage of profit on CSR. While the pros and cons of such proposal can be debated; the government’s seriousness about CSR comes through clearly.

MARUTI SUZUKI’s INITIAL SOCIAL AGENDA

Maruti Suzuki was established through an Act of Parliament in 1981 as a joint venture between the government and Suzuki Motor Corporation, Japan with the primary objective of producing small and fuel efficient people’s car. In the 80’s there was an apparent need to make personal transportation available to the citizens with focus on affordability. Maruti’s business model of making compact, affordable, people’s car addressed this unmet need in the society.

Maruti Suzuki in its PSU avatar of Maruti Udyog Limited, focused on modernising the automobile industry in the country. An extensive supplier base was developed at a time when there were a few auto component suppliers. Efforts were aligned to work collaboratively with suppliers to develop components for modern cars and to meet quality and cost standards. The Company shared technical know-how and management practices with its suppliers. This led to transfer of technology, improve the skill base and gave a boost to employability.

HR at Maruti Suzuki initiated worked with its dealers for building their capability and expanding sales and service network to reach the farthest corner of the country. The expanding network of suppliers and dealers not only made purchasing and maintaining cars easier for the customers, but it also helped in creating large-scale employment in the entire value chain. Modernizing Indian automobile industry remained the social agenda of Maruti Suzuki during its formative years and it worked relentlessly to achieve this social agenda.

REDEFINING SOCIAL AGENDA

After achieving its initial social agenda, Maruti Suzuki redefined its focus on...
CSR. As a first step, a CSR policy was formulated. With stakeholder engagement and creation of shared value as its cornerstone, the policy acts as a guideline for selection and implementation of CSR programmes.

“While working to enhance shareholder wealth, Maruti Suzuki will regularly engage with all stakeholders to assess their needs and through its products, services, conduct and management initiatives, promote their sustained growth and well-being”

- CSR Policy of Maruti Suzuki

The Company also carried out a stakeholder mapping exercise to identify direct stakeholders groups.

At Maruti Suzuki, CSR has been integrated into the business processes. All decisions related to CSR such as selection of CSR activities, allocation of resources, project execution and monitoring are done in the same manner as core business activities are carried out.

There is a dedicated CSR Department at the corporate level. However, some CSR activities have been assigned to specific business verticals as per the nature of the activity e.g. the road safety programme is implemented in partnership with the dealers, and therefore, this activity falls under the Marketing and Sales business vertical. This approach has helped the Company in developing scalable and sustainable CSR programmes and at the same time ensuring company-wide participation.

The CSR Department mentioned above is part of the HR Division under the Administration Business Vertical. The top management at Maruti Suzuki acknowledges the role of HR in promoting corporate social responsibility across the organization. HR has thus played a critical role in creating a ‘Culture of Social Responsibility’ in the organization.

In this ‘Culture of Social Responsibility’, the organization connects with their employees and the community through efforts like corporate sponsorship of community events and making contributions that match employee’s charitable contributions.
For instance during the flash floods in Ladakh this year, employees at Maruti contributed collectively to the Prime Minister's Relief Fund to aid the victims in Ladakh. Apart from the contribution from the employees, the company also made an equivalent amount of contribution, resulting in doubling the total contribution amount. Such efforts have gone a long way in establishing the desired culture in the organization.

The company strongly believes in working in partnerships on CSR projects. Wherever possible, it has forged partnerships with the government, business partners and the civil society to strengthen its programmes and increase their reach. HR has played a crucial role in creating such alliances that have helped in bringing on board the best resources and field-expertise and also helped in scaling up social projects.

SELECTING CSR PROGRAMMES: A CRITICAL TASK

The initial challenge an organization faces is on which issue to pick from a plethora of social concerns. Experts bombard the organization with multiple CSR options. It is always advised to learn from others, however, blindly adopting CSR activities without due diligence may lead to wastage of resources and efforts. CSR being a long term commitment to the stakeholders, a well thought out CSR strategy has to be adopted that creates win-win situation for the society and the business.

We have learnt many lessons during the last decade of carrying out CSR activities. The biggest challenge is the sustainability of CSR activities and measurement of actual impact on the beneficiaries. The following points may be considered by the CSR professionals before recommending projects to the management -:

- The nature of the business and its impacts on the society and environment
- Major social issues in the areas where business is located
- Expectations of stakeholders especially local community
- Management capabilities, commitment levels and allocation of resources

The scientific way is to first carry out base line and need assessment survey. The major benefit of such survey is that after the social intervention, the organization can get the impact assessment survey done after 3–5 years to know the actual impact on the beneficiaries.

CSR INITIATIVES @ MARUTI SUZUKI

Maruti Suzuki’s CSR programmes are focused on four broad areas -:

- Road Safety
- Skill Development
- Community development
- Employee Volunteering
I. Road Safety: A Major Social Concern

The automobile industry is considered an engine of economic growth for any country but at the same time there are some social and environmental concerns associated with it. While environmental concerns are largely regulated by the government, the social concerns remain partially attended. One of the major social concerns is injuries and fatalities occurring during road accidents. Therefore, road safety becomes a natural choice for Maruti Suzuki to work on as a CSR programme.

Over a lakh road accident fatalities occur in India every year, the highest in the world. Road accident fatalities are another indicator on which China performs better than India. Beginning with similar fatality numbers in 1996, China was able to reverse it from 2005 onwards, whereas in India, the upward trend continues unabated.

![Road Accident Fatalities](chart.png)

Source: National Crime Records Bureau, India, Ministry of Road Transport and Highways, India and Ministry of Public Security, China

Studies show that driver’s fault is the principal reason for road accidents and fatalities, reinforcing the need for appropriate driving training and road safety awareness.

![Causes of road accidents 2009](chart.png)

Source: MoRTH (Ministry of Road Transport and Highways)
Maruti Suzuki is trying to address this social concern by setting up state-of-the-art driving training infrastructure in the Country.

Over the last decade, Maruti Suzuki has developed two successful forms of driving training infrastructure:

**II. Skill Development : A Must for Economic Growth**

As per a study, India needs 500 million skilled people to maintain its current GDP growth levels and poverty alleviation targets. The government is concentrating on skill training and it intends to make 500 million people employable by 2022. Industry is constantly on the lookout for skilled manpower.

One of the biggest challenges HR professionals are facing is to find adequately skilled manpower. In order to give impetus to skill development, the government has set up National Skill Development Corporation (NSCD). Here is another option for the corporates to take up skill development as their CSR initiative.

Maruti Suzuki is in the expansion mode and it would require additional skilled manpower for running upcoming plants at Manesar and in future at new locations such as Gujarat. At the same time, expansion is happening at our suppliers and dealers as well. In order to create a cadre of trained manpower and to enhance employability of unemployed youth, Maruti Suzuki is working with government for upgradation of Industrial Training Institutes (ITIs). The Company is currently working with seven ITIs for overall upgradation and with 28 ITIs across various states for upgradation of automobile trade. Several of those trained in these ITIs have been absorbed in the service network of the company and at our own facilities.

Considering the huge skill gap expected in the automotive industry in the coming years, such initiatives have enabled HR to create a strong talent pool that will enable the organization to retain its competitive edge in the near future.

---

**Maruti Driving School (MDS)**

- An initiative to engage Maruti Suzuki dealers in the Company’s Road Safety initiatives.
- Maruti Suzuki has a network of 200 MDS across the country.
- First Maruti Driving School (MDS) opened in Bangalore 2005.
- MDSs are equipped with world class, state-of-the-art driving simulators.
- 50 percent of the car learners at MDS outlets are women.
- Maruti Suzuki targets to double the MDS network over next three years.

---

**Institute of Driving and Traffic Research (IDTR)**

- The first public-private partnership venture initiated in 2000 with the Delhi Government at Wazirabad Road in north-east Delhi. Second IDTR set up in 2006 at Sarai Kale Khan, South Delhi.
- IDTRs offer state-of-the-art training infrastructure, driving training tracks, driving simulators and training modules as per international norms.
- In addition to Delhi, Maruti Suzuki now has IDTRs at Vadodara (Gujarat), Dehradun (Uttarakhand) and in Rohtak and Bahadurgarh in Haryana.
- The Vadodara IDTR also offers skill training to tribal youths, thereby strengthening employability prospects of learners.
III. Community Development: For Harmonious Co-existence

The local communities are no longer alien to corporate scheme of things. The influence of local communities has become much more prominent. In the recent past, we have witnessed many instances when communities around manufacturing locations or proposed projects came out openly to express their concerns. In today’s rapid communication scenario, no organization can afford to ignore their concerns and their well being.

In Maruti Suzuki’s case, this translated into an expansion of its CSR programmes to include community development for Manesar villages. The local community is a big stakeholder group for the Company and many of the company’s employees also reside in these villages.

The Company began a continuous engagement process with four villages neighbouring its Manesar plant, focusing on healthcare, education, infrastructure development and skill training. Partnerships with NGOs were stuck as per the needs of the community and the expertise of the NGO. There is concerted effort to engage with community in these activities and have their participation at all possible stages. In the recent labour unrest at Manesar, the company experienced first-hand the benefits of engaging with communities. The villagers supported the company openly and urged workers to end the strike. They even shared their views openly in the media. This support of the villagers has been a live example of the benefits of continuous engagement with communities.

Such proactive initiatives’ envisaged by HR, have strengthened the corporate image of the organization and also enabled us to create a strong Employer Brand as it helps in attracting, engaging and retaining talent.

IV. Employee Volunteering: The Ambassadors of CSR

The company’s HR practices and CSR commitment have found a common ground in the company’s employee volunteering programme "e-Parivartan". The programme is run in partnership with local NGOs. The idea of volunteering programme came from the employees themselves. The employees felt the need to do something that would make them active participants in CSR. The programme was initiated in 2008 and since then we’ve seen an ever increasing number of employees associating with the programme.

HR plays a critical role in driving these initiatives by anchoring such programmes. HR sensitizes the employees about such opportunities and motivates employees to contribute their bit. While on one hand, employees get a sense of personal satisfaction and joy, the organization also benefits greatly. High involvement and satisfaction leads to higher engagement too. These initiatives are thus a win-win scenario for everyone in the long run, whether it is the community, employees or the organization.

Through personal experience sharing by volunteers, it has been learnt that volunteering has a positive impact on the volunteer’s personality. It gives them a sense of achievement and satisfaction, rejuvenates them and changes their perspective on life. Recently, a short internal survey was conducted in the company. Over 90% of the volunteers felt that volunteering had a positive impact on their personality. A similar percentage felt that the programme gave them a break
from the monotony of life. Over 85% felt that the programme gave them a sense of achievement and about 60% felt it created a sense of ownership with the organization. All these are indications of the impact of the programme on employee retention and motivation.

Considering that the average age of Maruti Suzuki is less than 31 years, we have a huge population of youngsters who are extremely passionate about such initiatives. HR enables channelizing the energies of Gen Y employees into the right direction and creates a platform for them to contribute to the society.

From the point of view of leadership development, the CSR programmes offer our employees opportunities for honing their leadership skills in many ways. The volunteering programme, allows employees to take the lead in developmental activities at their volunteering centres. Needless to say, once the employees begin to display these hidden characteristics while volunteering, they also begin to display them at the workplace. The volunteering programme ensures that the employees have an opportunity to explore and improve their liaisoning skills, communication skills and inter-personal skills.

With this bouquet of programmes under its corporate responsibility wing, the company’s endeavor is to continuously meet society’s needs in a manner that compliments the efforts of the government and civil society and collectively creates economic and social value.

Maruti Suzuki is thus committed to respond to the changing needs and aspirations of the society through its CSR programmes and HR initiatives.

To conclude, I would say that what has really enabled the symbiotic alliances between CSR and HR is the fact that HR at Maruti Suzuki has internalized CSR in its several initiatives, which have enabled the organization to drive the desired culture in the organization. To illustrate -

- Right from the orientation stage for newly recruited candidates; the induction program is designed in a manner that corporate philosophy about CSR gets highlighted. We also ensure that the commitment of the senior management towards CSR is expressed in tangible terms to reinforce the right kind of behaviour in the organization.

- HR ensures that the managers are empowered, by giving them decision-making authority, which helps in executing social responsibility at the local level. Managers thus encourage the employees to participate in such initiatives.

- The performance management system is also designed in a manner that the socially responsible initiatives taken by employees are also given some weightage.

This internalization by HR becomes critical because to inculcate anything into the organizational culture, appropriate behaviours must be appraised, appreciated as well as rewarded.

My humble suggestion to the readers would thus be to try and create this internalization in their organizations, which would assist them in creating a culture of social responsibility in their organization.
DRIVING INCLUSIVE GROWTH THROUGH CORPORATE SOCIAL RESPONSIBILITY

SUBRATA MUKHERJI

Abstract

A global study has found that 68% of consumers would stay loyal to brands during a recession if they support good causes and 52% of consumers are more likely to recommend a brand that supports a good cause over one that doesn’t.

Societal growth and economic growth are intertwined and must develop simultaneously. ICICI has taken strides in this area. ICICI Foundation has many state wide partnerships to enhance the lives of millions of people. A 6 year agreement with the Government of Rajasthan has been reached to revise their teachers’ curriculum and textbooks for classes I to VIII. This article discusses many such interesting initiatives from ICICI.

About the Author

Subrata Mukherji is the President, ICICI Foundation for Inclusive Growth. He has over thirty years of experience in the financial services industry. He was earlier Managing Director & CEO of ICICI Securities Ltd., Executive Director and Member of the Board of ICICI Bank. He commenced his career in erstwhile ICICI Ltd. in 1978 and has worked extensively in all sectors including infrastructure, oil, gas, petrochemicals and energy sectors. He has also worked in resolving stressed assets and has a keen understanding of several issues impacting the banking sector in this regard.

Mukherji completed his B.A. in Economics from St. Xaviers, Mumbai, a Master’s in Management Studies from Jamnalal Bajaj Institute of Management Studies and a postgraduate degree from the London School of Economics. He has also attended Executive Development Programmes at the University of Michigan, Ann Arbor, and at Harvard Business School.

As the Indian economy continues to grow, we need to ensure that this growth is sustainable and inclusive. This is important for the long-term development and prosperity of the nation. Today, the modern organization has powerful potential to create conditions for inclusive growth, and the nascent incentives to do so. Every organization has a responsibility to contribute toward delivering the holistic benefits of India’s development to every segment of society.

1. The connection between societal and economic growth

To develop successfully, India needs to ensure that its babies grow up into healthy children, attend school and become productive adults with full access to financial services. These elements are all
interconnected and without healthy children, there will be no future consumers. Without education, there will be no future talent pool. Without secure jobs and a far-reaching breadth of financial services, India has little chance of achieving economic security.

Societal growth and economic growth are intertwined, and must develop simultaneously. If the people of a society are not benefitting or gaining access to the growth of the country, even this economic development will be unsustainable or short-lived. Our society needs to ensure that our economic growth reaches as far and as deep as possible. This will require the active involvement of every segment of the economy: government, corporates, and Non-Governmental Organizations (NGOs).

Today, high levels of child mortality persist in many parts of the country, primarily due to preventable diseases. Chronic and widespread malnutrition, expressed in indicators such as low birth weight, is a crucial underlying determinant of child mortality. India has made great strides in improving the access to education for all children, but a lot still needs to be done to improve the quality of education such that it can produce future citizens who not only have the skills and abilities required to become economically productive, but also possess qualities such as critical thinking, sensitivity, tolerance, and creativity. We need to provide sustainable livelihood options for all Indians, an aspect of development that is particularly slow in rural areas. The urban-rural divide means that while 70% of India lives in a village, they generate less than one third of the country’s wealth.

While all banks have made efforts at universalizing access to finance, and the increased awareness that financial access can lead to a sharp reduction in poverty, many Indians still lack access to financial services.

There is an urgent need for organizations to engage in community-enriching social initiatives. Since the success of every business’ development is intertwined with the development of the rest of the economy, businesses must help strengthen the ability of the poor to provide for themselves. In order to ensure that India’s markets develop to their fullest in the future, it is crucial to examine business’ impact on the current society, and on potential areas for growth.

Inclusive growth for India needs to be assessed from every perspective: personal, societal, cultural, and economic. While every business contributes economically, it is important that business leaders understand the importance of contributing to societal growth as well. Business leaders are in a unique position of being able to touch upon all these aspects of development through both financial and social initiatives in their existing channels.

2. Leveraging collaboration for CSR

Business leaders need to recognize their potential for building a better India, but also compensate for their limitations through active collaborative partnerships. Not-for-profit organizations, NGOs, government, and corporations all contribute different but valuable competencies to the economic landscape, and each has a financial and social responsibility to work with other sectors to maximize their impact. The government can only create so many jobs on its own, and a company can only expand as far as there are roads. When a government and a company work together, they can build much more than just basic infrastructure.

Each sector of the economy has unique capabilities that can contribute to the other
sectors. Corporates will always have a large reach and technological skills that a local organization might lack, but require on-ground experience. NGOs may have excellent programmes but without the government’s participation, their scale will remain limited. The government has hundreds of programmes specifically designed to nurture inclusive growth, but will often welcome support in implementing these programmes.

At ICICI Foundation, we have initiated many state-wide government partnerships to enhance the lives of millions of people and strategically design our programmes so that the government can ultimately take them forward. For example, we have entered into a six-year agreement with the Government of Rajasthan to revise their teacher training curriculum and textbooks for classes I-VIII. This programme will ultimately affect 7.4 million children in government schools in Rajasthan. Another example is our out-patient health insurance programme, designed specifically for Below Poverty Line population, currently being piloted in two districts in Odisha and Gujarat. This programme has been initiated in collaboration with the government and other independent organizations and will complement the government’s existing in-patient health insurance plan (Rashtriya Swasthya Bima Yojna). Implemented through ICICI Lombard, this programme will support the government in providing protection against the burden of out-patient healthcare costs for the poor.

Whether an organization implements its own programmes or works through independent specialised organizations, efficient utilization of resources is key for ensuring maximum impact and to provide insights for continuous improvement. Even if an organization is only providing financial resources, there must be a consistent focus on ensuring that the targeted beneficiaries or defined goals are reached through end-to-end planning, monitoring of execution and measurement of results. Without efficient implementation, even the most comprehensive strategy for development is unlikely to be successful in bringing change.

3. Inclusive business models

Community initiatives will benefit Indian society but can also lead directly to increased productivity, profits, and innovation. There is a way for every business to help contribute to society and to social and economic growth without compromising on profitability or efficacy, no matter how large or small the business is, or what product they sell.

Not only can social initiatives help solidify your company’s core values in your customers’ minds, they can also drive top talent to your organization, increase your current employees’ engagement levels, and develop new markets for your products.

One of the best ways to demonstrate the mutually beneficial goals of community initiatives is through inclusive and exceptional recruitment practices. For example, ICICI Manipal Academy for Banking and Insurance (IMA) is a joint venture of ICICI Bank and the Manipal Group. IMA identifies talented and motivated youth who may come from remote, rural, or marginalized backgrounds, and provides them with rigorous training. With emphasis on application of knowledge and overall development of personality, upon completion, these young people are prepared to embark on fruitful careers with ICICI Bank. Through endeavours such as this, we are ensured that the very brightest talent will always have a route to personal
success, while we enrich our own talent pool. ICICI Bank bears the entire course fee for the programme, since we consider IMA an investment into cultivating a talented and dedicated workforce.

Other practices like rural BPOs have demonstrated exactly how the needs of the rural underprivileged and the needs of the large corporate can be met simultaneously through innovations and socially conscious thinking.

Customers and shareholders are now realizing that companies have a responsibility to engage with their communities, and are increasingly scrutinizing those who do not. A global study found that 68% of consumers would stay loyal to brands during a recession if they support good causes and 52% of consumers are more likely to recommend a brand that supports a good cause over the one that does not. Increasingly, consumers will link brands to social initiatives or lack thereof.

Today, there is a growing discussion on how much capital should corporates contribute to social causes. Regardless of what legal provisions may come, this discussion should signal an increasing amount of focus on how private organizations have structured their social initiatives and socially responsible practices. When there is a formal guideline on allocating funds for social projects, many companies may have to scramble to determine a plan of action.

4. Building social initiatives within your organization

When company jobs relied more on manufacturing, employees felt the hands-on experience of producing something for the common good. Today, glazed over behind a computer screen, the modern worker can feel increasingly isolated from his or her connection to society. A simple act of contribution, say, 15 minutes of blood donation, or bringing in a used book his or her child no longer wants, can immediately bridge a lifeline between an employee and the rest of the community. The employee who participates in social initiatives is an employee who has the self-awareness of someone who knows they can make a difference, and the self-confidence of someone whose company has rewarded them. That small good deed follows the co-worker home on his or her commute and returns the next morning with renewed enthusiasm for work, for their company, and for the betterment of the community as a whole.

There are clear-cut incentives for creating social initiatives that engage your employees: not only will their job satisfaction increase, but their skill development and loyalty as well. In a recent study, 92% of volunteers said they develop core business capabilities through volunteering programmes, 87% of employees feel greater loyalty to socially engaged employers and 84% of volunteers say that participation in volunteering programmes increases their job satisfaction.

The challenge is, of course, finding the right avenue for employees to take that first step into giving back and how Human Resources (HR) can help maximize the experience. Are you using your resources in the most efficient manner to create a just society? How else can your business and human capital contribute to lifting communities out of the vicious cycle of poverty?

HR has the opportunity to leverage the many strengths of the organization to benefit society. From hands-on employee volunteering opportunities, to blood
donation drives, to payroll giving, HR is in a prime position for mobilizing the resources of an organization. Given the very limited initial investments required, social initiatives with employees can be tested on a small scale and scaled up later based on their results.

India is on the path to sustained growth and prosperity. Through business’s social initiatives, one can create opportunities for every Indian to participate in the growth process and benefit from it. Now is the time for us to reflect on how we feel India’s growth can become more inclusive.
ADVAITA, YAGNA & SEVA — REDEFINES CSR IN INDIAN CONTEXT

SWAMI SWATMANANDA

About the Author
Swami Swatmananda is the Acharya of Chinmaya Mission Mumbai, Director (West Zone) of All India Chinmaya Yuva Kendra, youth wing of Chinmaya Mission. He conducts talks on Bhagavad Geeta, Corporate-workshops, Meditation Sessions, Youth Camps, Outdoor programmes. He has written & directed the theatre initiative - Adrshya which is about Developed India & Saraswati Civilization. He can be contacted at: chinmaya.swatmananda@gmail.com

Yatha Drishti Tatha Shrishti. As the vision, so the world appears to us. If our vision is positive, the world is a glorious place to live in and life an opportunity to evolve, achieve, love and serve. If our vision is negative life is miserable.

Our Vision in life influences our attitude which determines our behavior and the impact on the world around us.

Vision → Attitude → Behaviour → Social Impact

Narrow vision is divisive. Broad vision is expansive. Spiritual vision is all-inclusive.

— Swami Tejomayananda (Global Head Chinmaya Mission)

Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby businesses monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company’s actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Let us try to understand what is the vision of CSR and how we can redefine it.

Narrow Vision
Working for selfish gains and being insensitive to the social welfare needs of others around is narrow vision. Greed, enjoyment and insecurity are predominant. Unity gives way to divisions. Stress, tension, anxiety, worries etc. are a direct result of this divisive vision. It is well documented that a corporation that works only for profits and with a narrow vision has limited growth especially in the era of globalization and inter-dependence.
Narrow vision could also include fulfilling CSR only as a statutory requirement without understanding the spirit behind it and engaging in it only because its lawfully required and it gives any other monetary benefits in taxes etc.

**Broad Vision**

There is fair amount of evidence that the super corporations of tomorrow will be those corporations that have aligned their businesses to the unmet needs of the societies and communities that they operate in. Such companies are able to achieve sustained profitable growth through a high level of community involvement, and in fact use their interface with community as a mother font of innovation. This is the broad vision. Broad vision is expansive.

Creating Shared Value or CSV model is a broad vision based on the idea that corporate success and social welfare are interdependent. A business needs a healthy, educated workforce, sustainable resources and adept government to compete effectively. For society to thrive, profitable and competitive businesses must be developed and supported to create income, wealth, tax revenues, and opportunities for philanthropy.

**Spiritual Vision**

In redefining boundaries for CSR let us understand the true spirit of CSR through the holistica and all-inclusive spiritual vision from 3 standpoints:

The Society
The Organisation
The Individual

**The society standpoint:**
Each society has its own culture. Management and business will have to be culture specific to be successful. We have seen the western models of management have not been successful here because India has its distinct culture and practices. Spirituality is the heart of India. Spiritual Vision is the vision of oneness. On the surface we all appear to be different like the different waves of the ocean – big wave, small wave, tidal wave, foam, bubbles, lather etc. Yet its all an expression of One water. We can experience oneness at different levels:

1) Indian: The culture of each state in India is different and yet we are one as Indians. Indian-ness needs to be invoked and pride in India needs to be inspired so that the corporations also get leaders who are visionary and dedicated to the country. Some of the programmes corporations could take up for their employees, for different groups in the society like children, youth, adults, etc. are:

a) To awaken the cultural pride in each one through cultural education, competitions, performances, fairs and exhibitions etc.

b) Conduct programmes which bring together the diversity of India and its cultures and yet the unity as Indians is maintained. Today many states want autonomy and do not feel they belong to India. Discriminations are created based on language, region etc. forgetting that we are all Indians first.

c) Awaken Indians to the glory of India and the positive achievements India and let the patriotism manifest more actively rather than only at times of war, cricket and some national calamity.

d) The Vision of a Developed India should be put forward to the society so that everyone can work together for a common vision for India rather
than selfish interests alone. Eminent personalities of different fields must speak on what they would like their field to be in 2047 and chalk out what can be done for it from now.

Aditya Birla Group believes in ‘Taking India to the World’. Tata Jagriti yatra, Jago-re campaign are some more examples Corporates with such vision can set new benchmarks and many would just follow. Bhagavad geeta Ch.3 verse 21 says – “As the leaders act, so do others follow. Whatever standards they set are imitated by the rest.”

Japan rose to eminence inspite of the Hiroshima and Nagasaki bombings because of the nationalistic spirit and the Japanese style of management — Kaizen is based on their native culture.

2) From Human standpoint also all of us are one. Ensuring that maximum people get the basic human needs like clean drinking water, electricity, food, clothing, primary health care, employment, education etc. is a responsibility being taken up by many corporates. A lot needs to be done yet in this regard as the need is immense and we find corporates stopping which just the basic that is required from them and not extending even what they can without much strain to them. Emotional education, intellectual inspiration and spiritual empowerment also need more attention after we fulfill the basic physical needs.

3) Spiritually speaking all living creatures are the expressions of the same Truth. To recognize this oneness in everyone and serve them is the spiritual vision of service. This leads to happiness, fulfillment, security and strength. Upanishads proclaim that – “Fear rises out of duality.” Our practise of Namaste is an simple expression of respecting the Divinity within each one. Infact, the vedic hymn Purusha-sooktam says – “Purusha Eva Idagam sarvam yad bhutam yaccha bhavyam” The entire creation is Divine. Universe is not a thing but a being. Creator manifests as creation. This is the Sattvik vision of oneness. When one thinks of the world only as something inert, one will exploit it, use it for one’s selfish aggrandizement creating disharmony, stress and strain. When the universe is considered as a living entity, vital and throbbing we will be more ecologically sensitive and environment-friendly. Corporations today use Go-Green, increasing carbon-credits and reducing carbon footprints, paper-free office etc. in response to global warming and people also prefer to buy eco-friendly products as socially responsible global citizens. As a part of CSR, companies are striving to produce basic facilities like energy, water, electrical equipment etc through eco-friendly ways. This is just one application of the vision of oneness. Many more can be explored.

Organisational Standpoint

CSR is not just about giving. It is about operating with a higher vision and creating organisations and leaders who have a vision for the nation and societies that think above self-interest. In doing so the organization also gains greater credibility, faith and goodwill within the community.

The Bhagavad Geeta presents this concept of a higher vision to us by presenting the deeper vision behind the vedic concept of a Yagna.

Yagna means sacrifice. In a yagna conducted in the vedik period the members of the community used to come together contributing whatever they could (rice,
flowers, wood, ghee, fruits etc.), in a spirit of dedication to invoke the grace of a Presiding deity for the a specific purpose like – wealth, for the peace of the world, for the prosperity in cattle-wealth, fearlessness in the good etc.

Swami Chinmayananda, Founder of Chinmaya Mission says, The deeper vision of a yagna is – “The presiding deity in any field of activity is the productive potential in that given field. When we apply in any situation our true and sincere work, the efforts and sacrifices so made are the ‘yagna’ which invoke the presiding deity or the productive potential, which comes to manifest and bless the worker with success.

This becomes obvious when we try to understand what we mean when we say Mother India. In thus symbolizing the might of a nation as mother we mean the productive potential of that country in all her spheres of activities. This potential lies dormant. The yagna-spirit of service invokes the dormant potential.”

The population of India was a liability few years ago. As our vision changed it has become one of the biggest markets in the world and corporations want to penetrate into the rural india and multi-nationals want to invest in India. Dr. APJ Abdul Kalam says

“We have most of the necessary resources. There seems to be an attitude problem, as if we cannot shake ourselves out of a mindset of limited achievement”.

Only when people come forward to act in a spirit of co-operation and self-dedication can there be individual growth, success of the company and the community also gets itself freed from its shackles of poverty and sorrow. This holistic result is symbolically said to be the blessing of Mother India.

Parasparam bhavayantah shreyah param avapsyatha. Geeta Ch.III.11

Thus the Geeta says “Mutually cooperating with one another, attain the highest good through service”.

Thus yagna means dedicated actions performed as a team for a noble purpose. Such actions will definitely bring success and provide the individual/corporation with the desired results. When we thus earn a profit we have every right to enjoy that profit but after sharing it with others because the totality is responsible for it and not just the individual/corporation. Hence its our bounden duty to share says the Geeta in Ch.III on Karma Yoga.

In the capitalistic system we notice the wrong tendency of self-aggrandisement of profits produced out of the collective efforts of millions of workers. This ultimately creates sad maladjustments in all spheres of activity and national and international peace is also threatened when we thus upset the law of harmony.

Such people/corporations are termed in the Geeta as Social-thiefs who enjoy without sharing and giving back to the society from where it came. All causes for sorrow in social life would be removed if the good and socially-conscious members of a community were to feel satisfied in enjoying the remnants of their co-operative work performed in the true yagna-spirit of service.

Organisations who take up such a deep vision of service and sharing will create nation-builders and empowered societies.

There has been a long history of CSR in India and the Tatas have been the role models on this path. Explains the chairman of the Tata Group, Ratan N. Tata. “We do not do it for propaganda. We do not do it
for publicity. We do it for the satisfaction of having really achieved something worthwhile.”

Such organisations themselves are examples of CSR because they have created themselves into socially responsible organisations where everyone works in a spirit of dedication and their actions are inspired by a higher vision. Its our CSR to create more and more such organisations so that the vision of CSR is lived every moment of our lives and not just expressed in some selected social-service initiatives.

**Individual Standpoint**

An organisation, profit-making or otherwise, is always made up of the individuals associated with it. CSR is an excellent way to inspire individual employees to give their best to the work and to the company.

It expands the vision of the company beyond profit, and people begin to work for the Higher Cause that the organisation decides to support. It is often observed that CSR has helped many organisations lift the spirits of their employees and thus enhance productivity.

CSR does not only involve monetary donations. CSR involves “giving back”. In our culture, daana or charity is considered to be of various types. Vitta-Daana (Charity of Wealth) is only one of them. Other kinds of Daana include Shrama-Daana (Charity of Efforts), Anna-Daana (Charity of Food), Vidya-Daana (Charity of Knowledge), samay-daan(Charity of time) amongst several others.

The purpose of CSR is not just to roll out donation cheques from large commercial firms and let them enjoy the Tax Benefits! The purpose of CSR is multi-fold and culminates in inspiration of the employees, envisioned progress of the organisation and a sustained culture of sharing in the society. This can be gained only when employees and organisations get more involved in the activities of CSR. Charity of all kinds must be taken up, and not just monetary....

- The employees must be given opportunities to work on a long-term basis with various non-profit organisations, as a part of their subjective training.
- From time-to-time, individuals must compulsorily go through various short-term spiritual courses, and other trainings, and must be given opportunities to share their insights with fellow-colleagues, clients and others.
- Also, individual employees must be encouraged and recognised for community-services and personal acts of charity.
- Organisations may also innovate other ways to inculcate the spirit of CSR in their team.

When one works merely for one’s own self and one’s own family, Swami Chinmayananda, calls such a person, a labourer. However, when that same individual works with the spirit of serving a Higher ideal, there is greater inspiration, deeper commitment and more enthusiasm. Such a person is called a worker. He not only caters to himself, his family and his community, but also grows in his stature as a human-being into a nobler, happier, more efficient and successful individual. This is the very purpose of CSR.

Every successful company is made of successful individuals, happy individuals. Hence, CSR is not just an activity, it is a culture, an attitude, a strategic technique of holistic growth.
As the times are changing, more and more companies are recognising this very clearly. IBM — Japan’s ‘e-elder’ initiative is a national program using training materials and other support from IBM Japan which will hire and train seniors as instructors for other seniors in an effort to help elder citizens more fully participate in a Web-based society. Microsoft works closely with international organizations such as the World Food Programme, Save the Children, and Mercy Corps to provide technology-based development assistance through the HEART (Humanitarian Empowerment and Response through Technology) program. The Standard Chartered Mumbai Marathon is a proof of the growing Corporate Sensitivity to social causes. The Aditya Birla Group widely supports many spiritual organisations financially and also in other ways.

The intelligensia has acknowledged it. The society has applauded it. The corporates have accepted it. And the spiritual world confirms its validity and effectiveness. Every company has the capacity to practice and encourage CSR culture at all levels — financial, ecological, ethical & national. And now is the time to take it to the next level — the spiritual level.

Let's practice Corporate Social Responsibility in the true spirit of the term and create an empowered, enlightened nation and a peaceful, harmonious world.

Sarvesham svastir bhavatu  May well-being be for all
Sarvesham Shanti Bhavatu  May Peace be for all
Sarvesham Purnam Bhavatu  May fulfillment be for all
Sarvesham Mangalam Bhavatu  May auspiciousness be for all
Sarve bhavantu sukhinah  May all be happy.
Sarve Santu Niramayah  May all be disease free.
Sarve Bhadrani Pashyantu  May all be see the auspicious
Ma kaschit dukha-bhak bhavet  May no one go through sorrow
CORPORATE SOCIAL RESPONSIBILITY AND HR — A RESEARCH STUDY

K SRINIVAS RAO and Dr PADMAJA PALEKAR

INTRODUCTION

Corporate Social Responsibility is all about involving all societal actors. The concept of CSR is described as the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and the society at large. It is about what people choose to take into account – because they feel strongly about certain issues, or because they feel their action or non-action might have an impact that will affect them too. Together with the economic growth seen in most sectors, management quality is required to meet the needs of corporate stakeholders including consumers, employees, shareholders, and community. The implications have received more attention from firm managers in order to get best returns on business performance.

CSR has also different meaning for different organizations, for some it means that they integrated social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. For

About the Researchers

K Srinivas Rao, Chief Strategist & Partner. A research scholar with XLRI, Srini is a human capital strategist with a experience of 18 years, with considerable background in Human Capital Value Chain. He worked with Baan, Computer Associates, Satyam Computers and Ernst & Young. He is currently a Partner and Chief Strategist with THE STRATEGIST.

Dr. Padmaja Palekar, Associate Partner and Chief Research Officer. A Fellow from Indian Institute of Management, Bangalore (IIM-B), holds a Masters degree in HRM from Pune University and a Bachelors degree in Statistics. She has presented her research at various international conferences. She also has publications in leading academic and practitioner journals to her credit.
others it is interdependence that connects them to society at large and have thus launched programs focusing on CSR. However, the problem with corporate social responsibility (CSR) is that nobody is very clear about what exactly it encompasses. In 2009, the Indian government tried to make it mandatory for organizations to spend at least 2% of net profits on CSR. However, facing strong criticism from corporate executives, it gave up the effort and made the spending voluntary by making amendments to the Company bill in March 2011. As a common practice, almost all the corporations are involved in some form of corporate social responsibility (CSR) programs in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society.

However, what the Indian corporations seem to be struggling on is the extent to which CSR activities should be the focus of their business? How far do organizations get involved in creating sustainability in CSR activities they get involved in? Who owns and drives CSR activities? Does CSR have any impact on organization performance or is it just a branding gimmick?

With so many issues and questions surrounding the core of CSR in organizations, this research report focuses on the role of CSR in HR and what does corporate India think about its impact on organization performance.

THE STUDY

The research study on CSR and HR was an All India based study involving survey responses from HR professionals who have spent at least 5 years in the HR function, and in-depth interviews with some of the prominent HR heads from different global organizations. All the people who participated in this study were key HR leaders of their respective organizations who were responsible for initiating and implementing various initiatives in their organizations, and held the authority and power to take part in forming and changing/modifying the HR policies of their respective organizations. The survey responses were collected through an online questionnaire, and in-depth interviews with senior HR managers were conducted telephonically. The analysis of this report is based on the empirical evidence derived from the primary data collected through these responses and backed with the experience of The Strategist Research & Advisory team and the eminent editorial panel of the NHRD Journal.

RESPONDENT DETAILS

Industry sectors covered in this study were IT & ITES, Manufacturing and Infrastructure, Telecom, and Insurance, Retail & FMCG, and others.

Size of participating organizations was from smaller (500 employees) to large organizations (>50000 employees).

Employee Base of Participating Organizations
The below graph depicts the turnover of the participating organizations, the turnover is depicted in INR/Crores.

**FINDINGS**

The survey was divided into two portions – CSR and Organization Performance, and CSR and Role of HR. The key findings on each of these sections are presented below along with their analysis and implications for HR policy.

**CSR and ORGANIZATION PERFORMANCE**

**Does CSR have an impact on Organization Performance?**

When we asked the respondents if CSR impacted organization performance, a whopping 96% of the respondents believed that CSR had an impact on organization performance.

Interestingly, even smaller organizations (<500 employees) felt that CSR did impact organization performance.

**Implication 1:**

The debate on whether CSR Organizations makes a difference or no is over. It is becoming clearly evident that organizations with decent size don’t seem to have a choice any more. The trend also indicates that there is a movement from CSR being ‘Nice to do’ to ‘must do’.

**What is the Motivation / Purpose behind the CSR drive &focus?**

When we asked respondents to rank their view on how CSR activities impact organization performance, we found that building organization brand image emerged as first, followed by enabling attraction of new talent. Surprisingly, Employee Engagement emerged third priority followed by contributing to the society at number four and Gaining Client appreciation came in the last.

**Implication 2:**

We believe a huge potential is still unexplored in Engaging Employees by aligning CSR activities to Employee contributions. There are multiple positive implications for employee involvement ranging from enabling work life balance to employee retention to giving them real life experiences for leadership roles without risking too much of business top line and bottom-line. Gen Y has indicated during various
researches that their keenness to join an organization is directly influenced by the perception that the organization brand carries on contribution back to society.

**What makes CSR successful in the Organization?**

Assessing the reasons for success of the organization’s CSR strategy, 50% of the respondents (out of which 44% were from IT&ITES, and 33% were from Manufacturing and Infrastructure sectors) agreed to the fact that the CSR strategy of their organization was successful because it was a part of organization DNA and culture, while a significant 33% of the respondents (out of which 50% were from IT&ITES, and 33% were from Manufacturing and Infrastructure sectors) felt that the CSR strategy of their organization is successful because employees own it and they are appreciated for their contribution.

Interestingly, the data indicated that mid-sized to large organizations (2501 to 20000 employees) thought that their CSR strategy was successful because it was mandated for employees and organizations to perform these activities, while in smaller organizations (less than 500 employees) the CSR strategy was primarily successful because it was a part of employee and business evaluation every year, and that employees owned it and contributed to CSR.

**Implication 3:**

CSR strategy still hasn’t captured the mindshare of the Board room. It is still predominantly driven by what competition is doing rather than using it as a mechanism to influence or build business. It will be worthwhile to introduce CSR as a separate function in the organization structure and build strategic and tactical plans to ensure right priority.

**Implication 3:**

CSR strategy still hasn’t captured the mindshare of the Board room, it is still predominantly driven by what competition is doing rather than using it as a mechanism to influence or build

---

**CSR Strategy of an Organization**

On asking the respondents about the CSR strategy of their organization, 33% respondents, (out of which 67% were from IT& ITES, 17% from manufacturing and infrastructure, and 17% from services sector), felt that the strategy of their organization was to ensure preventive action in order to gain the first mover advantage and increase the reputation of the organization, while another 33% of the respondents, (out of which 33% were from manufacturing and infrastructure, 33% from Retail/FMCG, 22% from Others and 11% from IT & ITES), felt that their strategy was to redefine major stakeholder demands and influencing their beliefs to conform to the benefit of the organization.

---

**Implication 3:**

CSR strategy still hasn’t captured the mindshare of the Board room. It is still predominantly driven by what competition is doing rather than using it as a mechanism to influence or build business. It will be worthwhile to introduce CSR as a separate function in the organization structure and build strategic and tactical plans to ensure right priority.
business. It will be worthwhile to introduce CSR as a separate function in the organization structure and build strategic and tactical plans to ensure right priority.

What makes CSR Successful in the Organization?

Assessing the reasons for success of the organization’s CSR strategy, 50% of the respondents (out of which 44% were from IT&ITES, and 33% were from Manufacturing and Infrastructure sectors) agreed to the fact that the CSR strategy of their organization was successful because it was a part of organization DNA and culture, while a significant 33% of the respondents (out of which 50% were from IT&ITES, and 33% were from Manufacturing and Infrastructure sectors) felt that the CSR strategy of their organization is successful because employees own it and they are appreciated for their contribution.

Large organizations (20000 to 50000 employees) felt that CSR should not be owned by HR; however it did appear that small organizations (< 500 employees) and mid-sized to large organizations (2501 to 20000 employees) believed that CSR should be a joint responsibility.

Implication 4:
Interestingly two approaches have emerged for the success of CSR in an organization, on one hand it is because the employees are owning or it is part of the work ethos and secondly because it is mandated or part of the evaluation. Our experience has indicated that to introduce and popularize CSR in the beginning stage, it is a good idea to make it part of evaluations or mandate it, but to institutionalize CSR in the long run, the work culture has to promote it and the driver has to be employees with organization limiting its role to be only an enabler.

CSR and HUMAN RESOURCES
Ownership of CSR activities in organizations

Overwhelming 72% of the respondents felt that CSR activities in the organization should be a joint responsibility and 23% of the respondents felt that CSR activities in the organization should be owned by HR.

Implication 5:
The ownership of CSR is directly influenced by two factors, the scope of CSR (how large or small is the contribution) and the maturity of the organization (whether collaboration between teams is encouraged). HR needs to be the primary owner in either of the above cases, because they can ensure that CSR becomes a work ethos through various OD interventions and they can influence employees to drive the same.

Can HR do Justice as the Primary Owner of CSR?

Respondents felt that HR can do justice to CSR activities because HR can bring more synergy by aligning employees and the community, HR function directly interacts with the community for recruitment creating an employer brand, Community is an extension of the organization, HR can
handle sensitive issues more tactfully; in ascending order of priority.

Analyzing the current role of HR and the aspirational role of HR based on the organization size, it appears that contrary to the general perception, HR in larger organizations is not keen on taking up CSR activities as a part of their roles and responsibilities.

**Implication 7:**
HR as a function is finally emerging to accept that CSR is a function which if it owns, it can make a big difference and thus showing greater interest to own it and drive. We believe in the coming years, HR Director dashboard would reflect measure of CSR in the top critical 10 metrics along with Attrition, Cost of Employees, etc.

**Impact of CSR on HR Practices**
It was felt that CSR activities add value to employee engagement, followed by recruitment and selection through employer branding, work-life balance, enhancing employee performance, and adding to skills and capabilities of employees; in that order of priority.

**Implication 8:**
It is imperative for HR to ensure that CSR is woven in their programs and policies rather than introducing it as an event or initiative.

**FUTURE OF CSR and HR**
What is the route of CSR and HR going forward so that it has maximum impact on organization performance? Respondents clearly felt that employees and other stakeholders should be involved in the
development of Vision, Mission of CSR framework. CSR should be incorporated into employer brand, the employee value proposition and the recruitment program. CSR should also be incorporated in the orientation program. There are strong indications that for CSR to impact organization performance through HR, key CSR competencies and gaps should be identified and incorporated in the job descriptions, and goal setting / team goals.

However, the idea of incorporating CSR into annual performance review did get a mixed response with 56% respondents for it and 44% respondents not for it.

**Implication 13:**
How many organizations today make CSR a part of the job of the employees and take efforts to identify the competencies required for CSR on the job? It may be a good time to start investing in these activities early on so that in the days to come organizations can build a sustainable CSR model for their organization.

**Implication 14:**
Involving employees and other stakeholders of the organizations at the stage of developing the vision and mission of the CSR framework is a good idea as this will allow stakeholders to align with the vision in totality thereby having high impact.

**CONCLUSION**
The study focused on two aspects: CSR and Organization Performance, and CSR and Role of HR. The data was analyzed in the realm of organization size, measured in terms of number of employees, and there are very interesting facts thrown up by the study.

**SIZE doesn’t matter for CSR**
We did not start with the intention of analyzing the relationship of size of organization and CSR and HR. However, as we began the analysis of the data, there were some striking relationships that
started showing up. There has been a belief in the corporate world that CSR activities are meant for larger organizations, and organizations those are financially strong. While this is true to an extent, we found that smaller organizations and mid-sized organizations are more conscious about CSR in their organizations. They seem to be thinking progressively on their CSR strategies, and thereby aspire to be more successful organizations through CSR. When we spoke to some of the leaders in the industry, their belief was that if organizations start CSR at a young age, it helps build sustainable CSR models in the organization.

It also appears that smaller organizations are far clearer on the role of HR in CSR activities, and believe that it should be a joint responsibility. Having this clarity from the beginning will help organizations build and incorporate a sustainable CSR model in the organization without HR having to take up CSR as an additional responsibility, as it appears to be today in larger organizations.
1. THE MUSIC OF BUSINESS — CORPORATE SOCIAL RESPONSIBILITY AND THE TRANSFORMATIVE APPROACH.

Author: John Alexander and S. Venkataraman

This book begins with the statement that the authors view Corporate Social Responsibility (CSR) differently and propose an alternative vision. Well... yes they did. The authors emphasise the idea that CSR is a reciprocal service which the organization do to their stakeholders and not an ad-hoc measure for public relations. The authors define responsibility as the ability to recognize that organizations are part of an interconnected and interdependent world. No entity in this world can operate in isolation. All are dependent and interconnected with each other and serve as means-end-means. The authors have laid out three core principles of transformative CSR. They are service, harmony and culture. Each of these has been explained in detainied as chapters with real life incidents.

Every organization ought to have a reciprocal service to their stakeholders. Profit making for any organization is not the prime mover but only marginal. This chapter begins with an example of Mother Theresa asking the CEO of a famous company “what do you do that really matters?” Doing actions that “really matters” is crucial for the business success and personal fulfilment as well. Business being a powerful entity and world’s most influential community can have a strong say in the actions they perform. While some organizations do enhance our freedom and improve the standard of living, the 1984 Bhopal gas tragedy, where the incident left thousands of people suffer for their lifetime. CSR reporting is more of a “norm” than “exception” for those who report them. Organizations do employ CSR in all their actions. CSR has come from a long way from just being a philanthropy activity to sustainable philanthropy and now CSR has moved into becoming strategic CSR. For some it meant management trend to keep stakeholders happy, others it is a brand building exercise, for some it is nation building for others it is social obligation. If only the business and society relationship is mutual can the organization sustain in the long run. From the Nobel laureate Dr. Amartya Sen’s speech it is well understood that if the organizations can enjoy on the resources provided by the society, it is reasonable to expect that businesses to give back to the society. The bigger the organization is, the greater their responsibility to give back to the society. This chapter also talks about how ethical/unethical businessperson can be. The real life incidents mentioned in the chapter talks about people whose idea could bring long lasting change in the society. Is it the principles or the profits which the organization is looking for? The transformative approach asserts that CSR should not be used as an instrument to achieve profit, neither should it hold double standards, it should recognize reciprocity by contributing to the society, affirm ethical capacity and focus on service to all the stakeholders.

The first principle service should go hand in hand with the second one “harmony”. The authors point out that business corporation should understand that there are different actors in society and that each of them has a specific role and contribution to make towards people’s quality of life. Government should in fact regulate corporations and protect people and environment rather than becoming a tool in the hands of business enterprises. Business enterprise through various means seek to influence the government. The various actors in the society are symbiotic. One partner should not exert dominance and power over the other instead they should work together and have a shared vision. A more meaningful CSR would mean to accept the fact that there are limits and exercise power and influence within it. The idea of harmonious functioning has been long rooted in our Indian tradition. ‘Guilds’ and trusteeship has been in our society over ages. These bodies laid out the rules and guidelines for the business entities on how to function harmoniously.
within the society. The principle of harmony should guide business enterprises in achieving their business goals.

The culture of responsibility embedded into the organization system crystallises purpose into plans, plans into strategies and actions. Individual responsibility is the key to transformation within and outside the organization. This culture should also encourage people to change the rules of games, imagine new options and design better alternatives. Exemplary behaviour of individuals is often the reflection of supportive organization culture. The culture of responsibility is made up of good governance and leadership. Implementing the culture of responsibility largely depends on the top management. Corporate governance should be transparent with unambiguous policies, should be accountable and should be fair in dealing with all the stakeholders. Human resources have the capacity to influence the key systems and business process. They are the ambassadors of the respective organization. Effective implementation of CSR has significant impact in motivating employees, developing and retaining staff. The culture of responsibility should find its way beyond their offices. Responsibility has to go beyond corporate walls to look at other segments of supply chain. Close relationship between business entities and supply chain partners can be advantageous for everyone involved. While corporate culture is set of norms and values shared by the people of the organization, they also have a very strong influence on the attitudes and beliefs.

At the end of the three chapters one actually realises that CSR is not just a business protocol rather it is the responsibility of the business entity in the society to give back to the society from which they take the resources. CSR embedded into the organizations culture leads to improved employee responsibility and integrity. The service which the business entities provide for the society in large should be in harmony with all the actors in the society and should strongly be built on the culture of responsibility.

Reviewed by:

Priyadharshini. S.K,
Doctoral candidate at the Department of Management Studies, IIT Madras. Priya.lifecool@gmail.com

2. CREATING A HELPING ORGANIZATION - 5 ENGAGING WAYS TO PROMOTE EMPLOYEE PERFORMANCE, GROWTH & WELL-BEING

Author: Ganesh Chella, Publisher: Tata McGraw Hill Education Private Limited, November, 2011

While India can boast of its economic growth trajectory, it has also brought huge socio-cultural shifts, posing several personal and work related psychological issues to employees that one should not be oblivious of. The book under review, authored by Ganesh Chella, expresses concern that very little attention has been paid to the mental health of employees. As a result of this, the well being of employees is at jeopardy. He calls upon the organization to be more sensitive to the various contexts in which its employees live and work, as there is a significant deficit in employees' psycho-social and cultural resources and infrastructure to keep pace with the demands of growth. He laments that many organizational interventions are unmindful of the socio-cultural context of employees.

The author unveils a new resource for creating helping organizations and such organizations have a bigger role to play in helping employees help themselves in their personal lives, work lives and also in developing their general life skills. The author claims that 80 per cent of the helping needs are "personal" and the boundary between work and life is so porous in today's world.
A helping organization consisting of a strong web of relationship is likened to be a large tree with many branches, each serving as a distinct source of help and all of them collectively representing a helping culture. Organizations must reach out to employees and offer help at multiple levels and through multiple sources, leading to their overall development and well being. This will embolden employees cope with their life challenges and fully utilize their talents to achieve their true potential. Employers of helping organizations make available a range of helping relationships so that employees can help themselves.

As the work place becomes more dynamic and complex, the need for help naturally increases. The author elucidates his “five layer helping model” - Community Help, Barefoot help, Qualified Help, Professional Help for Executive Coaching and Professional Employee Assistance, which forms the bedrock for creating a helping organization, with the help of specific case studies.

Organizations are invited to help employees help themselves by creating “the sense of community” in a deliberate way. Manager is also called upon to become a barefoot coach and the layer of barefoot help can offer employees a sense of purpose, the support to succeed and assistance in their development. Championing the development of managers and future leaders will call for qualified help. Qualified helpers play roles such as internal coaches in formal leadership development programs, engage in specific and formal transition and development coaching relationships and finally serve as formal and informal mentors.

Professional help for executive coaching is taking a unique identity influenced by our Indian context. There is a need to set up executive coaching processes and frameworks within organizations and this will help executives achieve their true potential. In order to make professional employee assistance initiatives successful, the author believes that the involvement of top management and the board is critical; integration of professional employee assistance into all people processes. A clarion call is made to all those immediate managers to become a potential source of help or at least a trusted source of referral to the employees.

The book is replete with examples of organizations that have been heavily investing in making available to employees, structured and high quality feedback about their performance and competencies through 360 degree processes, psychometric tests, assessment and development centres, in the interest of behavioural change, skill enhancement and facilitating development.

Ganesh believes strongly that organizations must offer coaching only to those who are potentially ready and should not be thrust upon them. He also explains at length on Psychological literacy, building life skills and helping skills which form part of critical competencies that characterize a helping organization. There is going to be a steady increase that helping tree taking roots and increasingly number of business leaders prefer to work with executive coaches to reach their full potential. The author fervently hopes that five years from now, employees would seek out helping professionals far more readily and frequently than ever before.

This book is borne out of an honest effort of the author as a practicing CEO Coach and his genuine desire to help you understand the subject shines through out. The book is full of real life examples, peppered with pragmatic wisdom and it will definitely provide rich insights to the HR fraternity, helping practitioners and prospective coaches. Ganesh Chella deserves special encomiums for this seminal work.

Reviewed by:

Dr. S. Sabesan,
Director- Programs and Research,
Executive and Business Coaching Foundation India Ltd (CFI).
He can be reached at sabesan@cfi.co.in
ACKNOWLEDGEMENTS

Our profound thanks to all the contributors of articles, and book reviewers who have taken time off from their busy schedules out of their interest in the field of CSR and HR.

We acknowledge with gratefulness, the excellent contribution of the Guest Editor Rajeev Dubey, despite pressures on his time. I would like to place on record our thanks for the passion with which you and your team, Vinay Deshpande and Moonmoon Roy worked for this issue.

Our special thanks to Prabhakar L., VP-Human Resources, ITC, Agri-Business Division, for his support as usual. Our special thanks also to Prince Augustin for all his support.

We acknowledge the support from Sunathy of Exclusive Search for ungrudgingly sharing the work.

Similarly thank you Padmaja Korde, HR Consultant for your painstaking efforts in preparing abstracts for all articles.

Our special thanks to Prof. Rosabeth Moss Kanter of Harvard and Vivek Chachra of Harvard Business Publishing for permission to reprint the article.

Similarly we would like to thank Prof. Peter Cappelli for permission to reprint a shorter version based on ‘India Way Book’.

We would also like to thank THE STRATEGIST for their painstaking efforts in carrying out research, consolidating the findings, and presenting as an article.

Thank you advertisers, but for your support, we would not have been able to produce this journal as we have been mailing it free.

– Dr. PVR Murthy, Managing Editor
(On behalf of the Editorial Team)
Spark change in India with the spark in you.

Visit www.sparktherise.com
We Build Corporate Careers...

Maj Gen S. Krishnamurthy AVSM (Retd.)
Chairman, Governing body BITM

Lt Gen V.M. Patil PVSM, AVSM (Retd.)
Chairman, Governing body BIMM

This Journal is Supported By

Sri Balaji Society
Society for Opportunities

BIMM Ranked 5th for ‘Marketing Management’ in India
Sri Balaji Group Of Institutes Ranked 3rd for ‘Visiting Faculty’ in India

By

Business India
The Magazine of The Corporate World
October 17, 2010

Lt Gen Deepak Ajwani PVSM, AVSM (Retd.)
Chairman, Governing body BIIB

Prof (Col) A. Balasubramanian
President, Sri Balaji Society

Lt Gen Vinay Shankar PVSM, AVSM (Retd.)
Chairman, Governing body BIMHRD

S.No. 55/2-7, Tathawade, Wakad, Off Mumbai-Bangalore Bypass, Pune - 411 033., Tel.: (020)-66741045 /4748, Fax.: (020)-66741046
Website : www.balajisociety.org, Email: prof_bala@bimmpune.com

...Yes, We Build the future
"If only we could bring all our people into a large hall everyday"

Communicating and interacting with our people in multiple locations, across different time zones. Regular meetings and get-togethers that create bonds between people in different departments and divisions. Spending time with new employees, getting to know them and getting them to identify with the organisation. Accessing the domain knowledge and skills in many of our experienced people. And much more...

Things that we did so effectively when we were smaller – Is there no way we can get those back?

Introducing UNIFI - A platform that leverages the power of social media trends and behaviour for the benefit of the enterprise. A platform that helps you build and nurture an active and vibrant employee community – to enable them to connect, share, express, engage and transact with each other – to create a sense of identity and a sense of belonging – leading to enhanced performance.

To receive your complimentary copy of the white paper: "Tomorrow’s Businesses: They are all about Communities"
Email to: unifi@unimity.com

Wish to know more about UNIFI?
Please call Vinu Johney on +91-96000 87978 or visit www.unimity.com


*u-ni-m.i.ty*  Vygna, N. & Marce, E. (2004) "The Power of Oneness, the Might of Unity"
The National HRD Network publishes a semi-academic quarterly journal where in each issue is dedicated to a theme.

The journal publishes primarily three categories of articles:

- Conceptual and research based
- Contributions from thought leaders including a limited number of reprints with due permission
- Organizational experiences in HR interventions/mechanisms

Publications so far include on the themes

- "IT in HR"
- "Performance Management"
- "Attracting and Retaining Talent"
- "Career Management"
- "Organizational Change"
- "Global HRM"
- "Women in Corporate Leadership Roles"
- "Organization Development"
- "Learning and Development"
- "Leadership"
- "Work-Life Balance"
- "Institution Building"
- "Coaching For Performance and Development"
- "Human Resources Management in Rapid Growth Organizations"
- "HR Competence"
- "HR and Employee Relations"
- "CEO and HR"
- "People Power – Draw, Drive and Deliver"
- "Gen Y and HR."

The current issue is on the theme of "CSR & HR".

Editorial Board Members:

Dr. P.V.R. Murthy, Managing Editor is a product of I.I.T., Kharagpur and IIM, Calcutta with close to thirty years experience in H.R. field. He is founder and runs an executive search firm Exclusive Search Recruitment Consultants. He is associated with a number of academic institutions. He is trained in TQM in Japan and in human processes from ISABS and NTL, U.S.A. He is the Past National Secretary of National HRD Network.

Dr. Pallab Bandyopadhyay is Director - Human Resources Citrix R&D India Pvt Ltd. A doctoral fellow from XLRI and AHRD, he is trained in OD and Human Resources, Citrix R&D India Pvt Ltd., pallab.bandyopadhyay@citrix.com

Dr. Arvind N Agrawal - He is President - Corporate Development and Group HR in RPG Group. An alumnus of IIT (Kharagpur), IIM (Ahmadabad) and IIT (Bombay) with over 30 yrs. of experience. He served as the National President of National HRD Network during the year 2000-2002.

NHRD firmly believes in and respects IPR and we appeal to the contributors and readers to strictly honour the same.

For any further clarifications, please contact:

Dr. P V R Murthy, CEO, Exclusive Search Recruitment Consultants,
#8, Janaki Avenue, Off 4th Street, Abhiramapuram, Chennai 600 018.
pvrmurthy@exclusivesearch.com

Copyright of the NHRD Journal, all rights reserved.
Contents may not be copied, emailed or reproduced without copyright holders' express permission in writing.
National HRD Network

The National HRD Network, established in 1985, is an association of professionals committed to promoting the HRD movement in India and enhancing the capability of human resource professionals, enabling them to make an impactful contribution in enhancing competitiveness and creating value for society. Towards this end, the National HRD Network is committed to the development of human resources through education, training, research and experience sharing. The network is managed by HR professionals in an honorary capacity, stemming from their interest in contributing to the HR profession.

The underlying philosophy of the NHRDN is that every human being has the potential for remarkable achievement. HRD is a process by which employees in organizations are enabled to:

- acquire capabilities to perform various tasks associated with their present and future roles;
- develop their inner potential for self and organisational growth;
- develop an organisational culture where networking relationships, teamwork and collaboration among different units is strong, contributing to organisational growth and individual well-being.