

SHORT NOTE

**Relevance of Corporate Social Responsibility (CSR)
in Difficult Times**

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Impact of increasing crude oil and food grains prices has got aggravated with the collapse of several leading Multi National Compines (MNCs) and Financial Institutions (FIs) in America, commonly referred to as Wall Street Tsunami. Forces of globalisation and interconnectedness of world business have extended their impact to the emerging economies including India as well. Crash of Sensex by 50 percent had made "Diwali 2008", the traditional function of wealth, a dull show. It is feared that these developments will set in recession and pull down India's rate of economic growth in the coming years.

At such tumultuous financial times, it is but natural for the corporate to search for alternatives to survive in the market place. The emerging challenges have two broad features. The process of globalization driven by technology has become irreversible, leaving no scope for looking back and debating whether it is good or bad. On the other hand, with consumers becoming increasingly conscious about their rights, issues like quality, price, after

sale service etc. will eventually take appropriate measures on priority.

In this context, simple natural phenomenon can give valuable lessons. In the event of a cyclonic storm, trees with superficial root systems, like banana and papaya, get uprooted first; whereas those with deep root systems strongly entrenched in the ground, like palm and coconut, survive the worst cyclonic storms. Similarly in difficult times, companies deeply ingrained in the society will have distinct advantages vis-a-vis their competitors, which are guided solely by profits. As such generation of social capital will become more important for the corporate in difficult times.

All stakeholders, who live in the society, owe some responsibility towards the society. It is but natural that the corporate, who carry on business in the society and make profit on investment, owe a bigger responsibility towards it. The society also needs the corporate as they create wealth, which is one of the essential prerequisites for development and

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peace. The only area of concern is that making profit should not be the only motive of business and there has to be a balance between making profit and taking care of the people (society) and the planet (environment). This realisation over the past decade has led to evolution of the concept of Triple Bottom line (TBL) and questioning the classical interpretation of social responsibility of the corporate by Milton Friedman.

Indian corporate has a tradition of taking care of the poor and the weak as part of our culture and tradition. However, the traditional view of corporate philanthropy needs a re-look to optimise the use of scarce resources on the one hand and to maximise social welfare on the other. Six decades after independence, Indian society is under transition with old values getting replaced by new ones. Advertisement of consumer goods along with change in the value system have led the youth looking for material and physical assets, shedding the fatalistic approach. Unfulfilled expectations are leading to frustration, anger and violence. These have been affecting law and order, and also everybody in the society including the business. To some extent, such deprivation related factors are also behind the resistance to acquisition of land for setting up industries, which arose mainly due to the feeling of insecurity and uncertainty among small and marginal farmers, who are not sure of the benefit to them or their children from the industrial units. Higher rate

of economic growth widening disparities between the rich and the poor have added new dimensions to these issues in the recent years.

As per the constitutional mandate, the Government is taking steps for empowering the disadvantaged. However in a multi-party developing democracy like India, this process has been slow due to limitations in the delivery mechanism, leakages, corruption, wastage, lack of accountability etc. Recent developments like democratic decentralisation, spread of awareness, literacy, Right to Information Act etc. have been improving the position. But this process again is a slow one to meet the expectations of youth. Challenges of this interim period lie in the corporate and the civil society joining hands with the government for expediting the process of empowering and enabling the youth to get a share of economic growth. This will make the growth socially inclusive.

In the context of empowering the disadvantaged, provision of health, nutrition and sanitation facilities to all, and to the children in particular, has special significance. Provision of one functioning toilet to each family is a basic minimum requirement for ensuring good health and reducing the burden of diseases, particularly infant mortality. Government, at Central and State levels, have undertaken interventions for providing sanitary latrines in the rural as well as urban

areas. Financial assistance along with loan at low rate of interest is being provided to the poor families for having toilets. As provision of sanitary latrines to all will ensure another important purpose of liberating the manual scavengers, the Ministry of Social Justice & Empowerment is also supplementing the efforts of the Ministries of Rural and Urban Development for conversion of dry latrines to sanitary latrines. This will liberate the persons engaged in the manual scavenging and enable them to take up alternative occupations and live a life with dignity. Non- Government Organisations (NGOs) like Sulabh International are also pursuing this case with considerable enthusiasm and made noteworthy contribution in developing and popularising appropriate technology in the field of sanitation. As a result of these interventions, even though the situation has improved to some extent, the target of safe sanitation to all has remained elusive. Further, there are instances of toilets constructed with public fund lying either unused or underused and people still continuing open defecation. Apart from finance, implementation related issues like adoption of appropriate technology, management and ensuring that available toilets are used regularly continue to be areas of concern.

While inaugurating the South Asian Regional Conference on Sanitation in November, 2008, Prime Minister Dr. Manmohan Singh reiterated the

importance of total sanitation for the nation in ensuring life with dignity. He had stressed on the need for developing affordable and sustainable sanitation technology by combining the traditional knowledge with modern science and technology to meet the needs of the diverse eco-system of our country. It is beyond doubt that solution to such a national issue lies in mobilisation of resources, technology, commitment as well as community participation for educating the villagers about importance of sanitation and making sanitation for all a reality in the true sense.

In this context, corporate sector, which is known for better managerial ability, can also make a meaningful contribution. Ms. Kiran Mazumdar Shaw, CMD, Biocon Limited referred to the Corporate Social Responsibility (CSR) interventions of her Company. The Biocon Foundation, set up for looking after the CSR activities of the company, has taken up construction of toilets in Huskur Gram Panchayat, Karnataka in 2007 for extending better sanitation facility to the disadvantaged. The cost of construction, Rs.7,300/- per toilet, was met by pooling the government grant (Rs 1.000/- per unit), contribution of the beneficiary family in form of labour and grant provided by the Embassy of Ireland, under the supervision of Biocon Foundation. Under this initiative, 220 toilets were built and construction of total 800 units is expected to be completed soon.

No doubt 800 units is a relatively small number, like a drop in the ocean, in the context of meeting total sanitation requirement of the country. Nevertheless, the CSR intervention of the corporate with help of an NGO (Biocon Foundation) appears to be a step in the right direction in solving a difficult national problem. It gives an example of synergy of action between the Government, the Corporate and the Civil Society (NGOs), which has mobilised the strength of managerial ability of the corporate and commitment of the NGO for supplementing the socialistic efforts of the government. Encouraging and replicating such interventions will, no doubt, be of great help in solving difficult socio-economic issues namely sanitation for all and elimination of manual scavenging.

A word of caution, however, will be in order. Based on this example, it will be wrong to presume that the Corporate will solve all the social problems as the corporate are neither equipped nor capable of doing it. But it is clear that there is a hidden potential, which can be tapped. In the recent years, there is a significant increase in the interest taken by the Indian Corporate in social issues. This is a welcome change in a democracy. It is beyond doubt that replication of such successful synergy based CSR initiatives on a larger scale and in an organised manner can make the growth inclusive and sustainable on a long term basis. This will be of particular relevance in financially turbulent times in optimising use of available resources.

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