

Business social initiatives



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Sudhir K Sinha is a Corporate Social Responsibility (CSR) expert and has a wide and varied experience of working with corporate and NGOs both on CSR issues. A social activist, who did his post graduation in Rural Development, worked for almost 18 years as Hon. Assistant Secretary of Tata Steel Rural Development Society. He worked with Partners in Change (PiC) – an NGO promoting CSR in India before joining Moser Baer India Limited as Head – CSR. Pushing stakeholders’ model of CSR and aligning corporate philanthropic initiatives with MDGs in India are his two personal agendas.

CSR has nowadays become a buzzword in both corporate and social sector. What is the driving factor for corporates to take up CSR so seriously?

The most important reason to undertake CSR initiatives is to be a good corporate citizen. Such initiatives essentially help companies to improve their relationship with local communities, build a good public image and thus improve the brand value of companies over competitors. For some companies, the compliance with the legislation is the driving factor. Though a large range of factors drive CSR initiatives, I would put all of them into three major categories - to have social license to operate business, to mitigate reputation and operational risks and to ensure higher sales volume.

When and where did the CSR movement start and at what level?

The history of CSR is as old as business is. However, the recent history goes back to the seventeenth century when excesses of the East India Company were commonly expressed. In 1790s, the England witnessed the first large scale consumer boycott over the issue of slave harvested sugar which finally forced importer to have free-labour sourcing. In India, JN Tata in the beginning of 1900 wrote to his sons “to pay back to society....”, the values which resulted in to several ethical, social and environmental practices that got well integrated into business culture in Tatas.

What are the most common agendas and programmes covered under CSR initiatives?

The philanthropic mode of CSR dominates and therefore companies prefer to contribute to welfare programmes under health, education and relief mostly. The stakeholders model of CSR, which overarches workplace issues, human rights issues, customers’ expectations and aspirations, suppliers’ issues, environment and etc, has still far way to go in India.

As regards corporate partnering with NGOs, PiC’s survey indicates that 16% companies had worked in partnership with NGOs. But, there are companies that have their own institutions foundations/trusts. Alternatively, companies get their CSR programme implemented through their internal functions. I would like to suggest corporate that they should hire CSR experts by creating separate division of CSR.

What is the most common and sustainable funding mechanism for CSR initiatives?

There is no established mechanism for committing resources. Generally, companies allocate some budget for the community development programmes. It depends mostly on the ‘profit’ of the company. Charity Aid Foundation has been promoting Payroll contribution this as ‘Give As You Earn’ and as a result companies such as Price Waterhouse Coopers and Glaxo SmithKline in India have provided opportunities to their employees to support their chosen charitable causes.

How effective is CSR in building a socially sensitive brand for an enterprise?

Nike suffered the consumer boycott of its products in the mid 90s. It learnt from their mistakes and attacks from NGOs and today it has emerged as one of the most progressive global corporations as it improved its CSR practices. There are several examples as to how CSR has helped companies improve their brand image over its competitors. The best example in India is Tatas.

What is your viewpoint in relation to controversies on CSR?

CSR is a dynamic business process that mitigates the concerns and aspirations of stakeholders. However, CSR in its limited ‘form’, using this as instrument only towards mitigating business challenges in short term does not long last and therefore be dissuaded.

What is the future of CSR initiatives?

In a globalsing world where companies are increasingly relying on brand strength to add value and product differentiation, and where NGO-driven consumer activism is increasing, role of CSR will be inevitable as it makes good business sense. Still, CSR is in evolving process and therefore there is no uniformity in approach.

How do you think evolving CSR strategies can help to integrate UN Millennium Development Goals?

Corporate can link up their philanthropic or community development initiatives with MDGs in order to achieve the global goals locally. Secondly, they can reduce the impacts of their operations at the work place linking those with MDGs. Finally, corporate can use their influence or economic power on improving the policies which would help country achieve the MDGs. ■