

# **Evolution of CSR: Corporate responses to the new mandate**

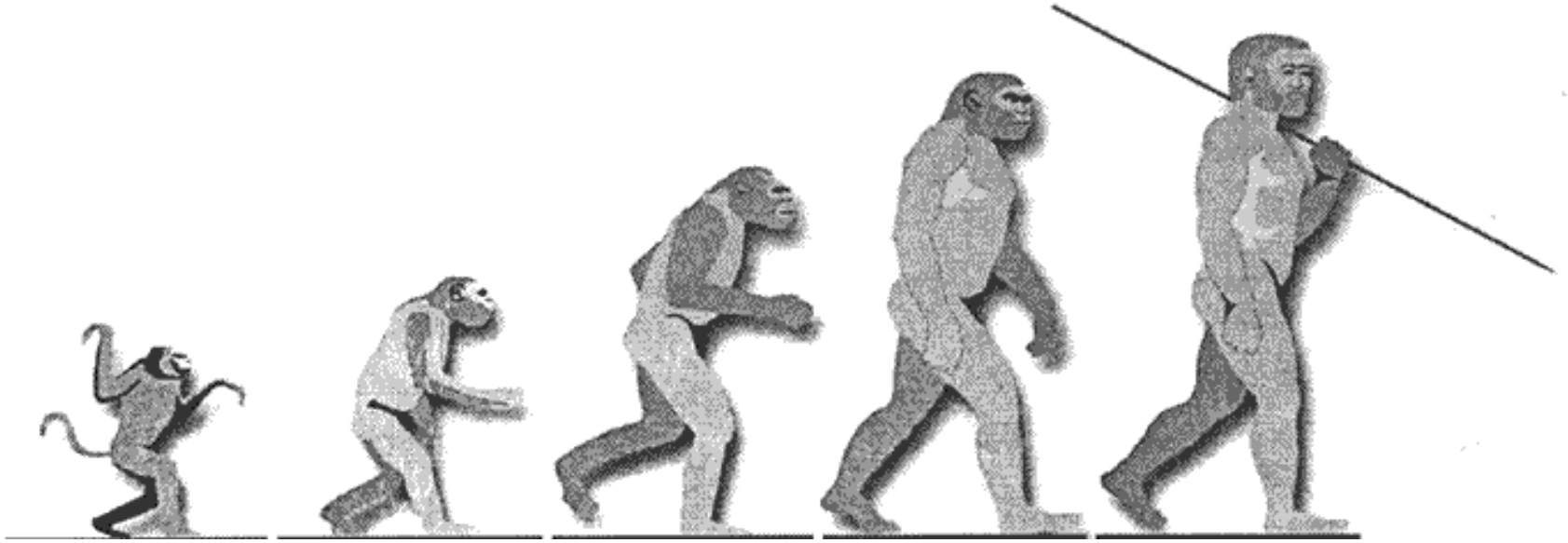
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9<sup>th</sup> March 2017, Ahmedabad

# Corporate Social Responsibility

- CSR is a way to do business.
- CSR is an evolving market based response to a number of wide ranging challenges that businesses currently face.
- CSR is about business going beyond the legal/tax obligations - to manage the impact they have on the environment and society.
- CSR is a business strategy - there is strategic advantage to a company.

# CSR: Business Evolution Toward Sustainability



<i>From profit focus, a company exist only for short-term shareholder profit</i>	<i>For philanthropy, passive donations to charities when requested</i>	<i>To community affairs, strategic giving linked to business interests (includes cause-related marketing)</i>	<i>To corporate community investment, strategic partnerships initiated by company</i>	<i>To Sustainable Business, integrated into business functions, goals, strategy.</i>
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# Key Issues in CSR

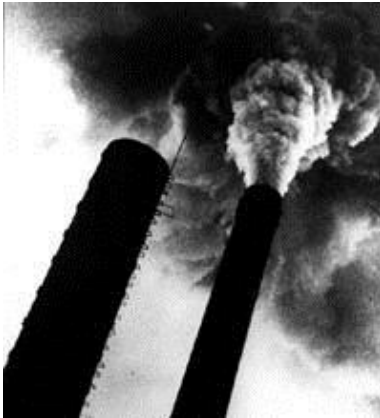


Photo: Damien Lewis

- **Labour rights:**
  - child labour
  - forced labour
  - right to collective bargaining
  - safety and health
- **Environmental conditions**
  - water & air emissions
  - climate change
- **Human rights**
  - political influence against voices/concerns
  - connivance in conflict/weak zones
  - complicity in extra-judicial killings
- **Poverty Alleviation**
  - job creation
  - livelihood enhancement
  - Skills
  - Education & health

# CSR Models

Shareholder Model – A conservative business model

Ethical/philanthropic Model – A traditional perspective

Statist Model – Compliance

Emerging global Perspective – Stakeholder model

# CSR Post 2014

## Major positive impact:

1. ; Companies are forced by law
2. Approx. 8000 companies with approx. 15-20 K Cr

## Ground Reality Check:

Humble beginning, a long way to go

Compliance, the leading driver – Desi & MNCs

Spend centric

Under CFOs, Company Secys and Legal Counsels than CSR  
Heads

Transactional CSR: fragmented, piecemeal approach; No focus on  
impacts

Regional bias

Sectoral preferences: Education, skill dev, Swachha Bharat &  
Infrastructure development

# Paradigm shift: Emerging trends

Shareholders to ***'stakeholders'***

Charity to ***'strategic/social justice philanthropy'***

Voluntary ***to 'mandatory'***

'Fair weather approach' to ***'core business practice'***

'Social Mask' to ***'DNA of the Business'***

# The Global Perspectives – Developed Nations

Country	Explanation of CSR
USA	<ul style="list-style-type: none"><li>➤ CSR is seen as <b>taking personal responsibility</b> by business for its <b>actions and impacts</b> on the <b>society</b>.</li><li>➤ Companies and employees must undergo a <b>personal transformation, re examine their roles, their responsibilities and increase their level of accountability</b>.</li><li>➤ <b>Traditionally</b> in the US, CSR has been <b>defined</b> much more in terms of <b>philanthropic model</b>.</li></ul>
Europe	<ul style="list-style-type: none"><li>➤ Focused much on <b>operating the business</b> in a <b>socially responsible manner</b>, complemented by <b>investment in communities</b> for <b>solid business reasons</b>.</li></ul>
Japan	<ul style="list-style-type: none"><li>➤ <b>Participatory model- CSR</b> is exemplified by business, communities and governments <b>working together</b> to <b>solve the problems of community</b> with a holistic approach, <b>well beyond charity and philanthropy</b>.</li></ul>



# The Global Perspectives – Developing Nations

Country	Explanation of CSR
Brazil	➤ Focuses on <b>commitment</b> to strive for the <b>best economic development</b> for the <b>community</b> , to <b>respect workers</b> and <b>build their capacities</b> , to <b>protect the environment</b> and to <b>help create frameworks</b> where <b>ethical business</b> can <b>prosper</b> .
Ghana	➤ CSR is interpreted as <b>capacity building</b> for <b>sustainable livelihoods</b> . ➤ Emphasis on <b>building</b> the <b>skills of employees</b> , the <b>community</b> and the <b>Government</b> . ➤ Signifies <b>respect</b> for <b>cultural differences</b> .
Philippines	➤ CSR is about <b>business giving back to society</b>

# Game changers: Laws/Standards/Guidelines

- Section 135 of the Companies Act 2013
- NVGs (National standard)
- ISO 26000 (Global voluntary standards)
- OECD guidelines for MNCs
- Sullivan Principles
- Equator Principles
- UNGC
- UNGPs

# The Future of CSR in India: Leading Trends

1. Accountability & Transparency
2. Addressing unfinished agenda of MDGs; alignment with SDGs
3. Transformational CSR – a unified approach to create lasting impacts
4. Collaborations & Partnership for complementing and supplementing
5. Social justice philanthropy – remove poverty, unemployment & inequalities
6. Human Rights: a new paradigm