

CORPORATE SOCIAL RESPONSIBILITY: GOING BEYOND CHEQUE-BOOK PHILANTHROPY

by

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Abstract

As Public Relations continues to evolve in the 21st century, so does the area of corporate social responsibility. Major activities are undertaken by a corporation to support social causes and for the development of a community that is sustainable in nature. Corporate philanthropy increased, as organizations aligned themselves with causes by writing big cheques to an array of nonprofits and other philanthropic opportunities. But in our opinion, companies cannot do away with just writing cheques and receiving donations to continue the tradition. They must benefit communities and create lasting relationships in the process thus reinforcing core values calling for serious sustainable development.

This paper aims to explore that Corporate Social Responsibility is a continuous commitment by a business in order to improve the quality of life of the local community and society. It is not merely cheque book philanthropy phenomenon but a concept that has developed over time for the benefit of the society at large. The paper follows an in-depth case study approach of a few corporate organizations that have undertaken CSR activities in the recent past. The approach to CSR by companies is making a gradual shift and has now evolved into a competitive phenomenon. Currently, the motto is promoting real development & there has been a growing consensus that CSR is necessary and beneficial—both to the communities and to the companies, adding to their triple bottomline.

Keywords: Cheque book philanthropy, Corporate Social Responsibility, Sustainable Development

Introduction

A Chinese proverb says: “If you always give, you will always have.” A famous American author and management expert, Ken Blanchard, declared “The more I give away, the more comes back.”

Corporations must have concerns. The choices we make today are going to influence our generations to come. The success of a communication process is always measured in terms of the feedback generated. Similarly companies’ successes come with social responsibility and sensitivity. Of late, companies are getting deeply involved with the communities with a sense of purpose along with engagement of employees, which is making a big difference.

Defining CSR

To understand what CSR is, we can bank upon the following definitions:

“A commitment by business 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 society at large”.

-World Business Council for Sustainable Development

“Corporate social responsibility is a commitment to improve community well-being through discretionary, business practices and contribution of corporate resources”.

-Kotler & Lee

“A company should have in its DNA, a sense to work for the welfare of the community. CSR is an extension of individual sense of social responsibility. Active participation in CSR projects is important for a company”.

- Ratan Tata

“It is a movement which believes that doing good is good for business.”

-Rita Bhimani

Concept of CSR: Accountability Attached

The term became popular in the 1960s and now is an indispensable part of business operations. A tool of Public Relations that speaks about performance of the company in areas of social responsibility, which, in due course gets recognition and is even replicated by other companies.

Companies should be enthusiastically involved in such activities and not be forced to implement them. CSR should not be a compulsion. Is it mere cheque book philanthropy – charity that comes with the writing of a cheque or tax saving device? It should not be. CSR is much beyond donations and is a holistic activity. It is not just feeding self interest but inclusively bringing in others. Ideally, CSR happens in the company’s peripheral areas for community welfare.

Social Responsibility is all about behaving responsibly towards our society. CSR speaks volumes about philanthropy as a marked gesture that companies undertake.

CSR is not charity or mere donations. CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits.

Corporate Philanthropy has always been a practice of corporates in making contributions to a variety of causes. But companies now seize the moment to expand their philanthropic activities.

Cheque-book philanthropy

Coined as “outsourced CSR” (commonly referred to as “cheque-book philanthropy”), where companies make cash contributions to a charity and walk away. Previously the most common way to support a project or charity has been by writing a cheque or giving cash. Cheque-book philanthropy or charity appeals directly to the public asking them to donate money to a worthy cause. But the definition of 'worthy cause' is changing, as is the way that people wish to contribute.

Not just serving self interest, but meeting the aspirations of communities.

Companies are now saying : Let us change our goals from Charity to Contributing for a developmental cause, from being Reactive to Proactive, from Doing Good business to Doing Good for Society.

CSR : Employee Engagement Tool

Interactivity is beyond transactions. Each individual must be accountable and responsible, participate in the policy formulation, strategy designing, planning activities and implementation. Like in Alternative Paradigm of Development, action starts with you in the bottom up flow of communication.

We start with some examples of employee inclusivity.

At Wipro, one day every month is set aside for community activities.

Another concept that is becoming popular is that of a social sabbatical, where employees are given time off by the company to work with charitable organizations.

In a Nielsen study where 30,000 global consumers were surveyed, it has been found out that 67% prefer to work for socially responsible companies, 49% volunteer and/or donate to organizations engaged in social and environmental programmes and 55% pay extra for products and services from companies committed to positive social and environmental impact.

Development of CSR and its changing trends

CSR Then: History traced

Companies like Tatas and Birlas have been contributing for social good for decades long before CSR became popular. Jamshedji Tata did the pioneering work of CSR for Tata Steel with the model township of Jamshedpur and as early as the 1940s, the founder of Birlas, G.D Birla conceptualized what we have always known as philanthropy.

Dr.Kurien's Amul-led Operation Flood had seen growth through work with dairy farmers at grass-roots level, changing lives, enhancing income, empowering women and at the same time reaping benefits to the business.

At Indian Oil, CSR has helped enrich the quality of life of the community and preserve ecological balance and heritage.

CSR Now: Current trends

CSR projects are an important source of innovation.

The Indian companies in the last few years have invested majorly in education & skill development, healthcare & sanitation, rural development projects and environment after being mandated to allocate a portion (2%) of their profits towards community development.

TWO (2) be or not TWO be

According to Company Law, corporates are meant to spend at least two percent of their net profits on CSR. But there are many opinions about the fact that this compulsory two percent is not enough. Azim Premji of Wipro has given 39% of the wealth of Wipro to the Azim Premji foundation, mainly for education. Bill and Melinda Gates have committed to giving 95% to charity over time. That is truly generosity at its peak!

Some initiatives taken up in the recent past:

- Jet Airways with aid from an NGO & aircraft manufacturer constituted a crisis coordination committee armed with doctors, medical and relief supplies and landed in the ravaged Bhuj, Gujarat just after a devastating earthquake in 2001 and monitored operations of special flights. 700 families of Ramvav Village in Kutch were evacuated to temporary shelters. With this swift communication & response, long term goodwill was generated for the airline.
- Naandi, an autonomous nonprofit development organization was set up by 4 corporates in Hyderabad: Satyam Computers, Global Trust Bank, Nagarjuna Group, Dr Reddy's Laboratories whose goal was to support projects that provide better access to basic civic amenities.

Education : The Biggest Uniter

Azim Premji, considered the biggest philanthrope in India, recently received the Carnegie Medal, the most prestigious recognition in philanthropy, for his efforts to refurbish India's public school system. The Azim Premji Foundation narrowed down its focus of work on primary education funded solely by Azim Premji, founder of Wipro. The motto: Brand Building with an Impact.

Assam Valley School was established by the Williamson Magor Education Trust of Williamson Magor Group as a non-profit means of reaching students in remote areas.

Rural Development Initiatives

Microsoft

From the Chikanari weavers in Uttar Pradesh who use CAD software to make better designs, to the fishermen of Tamil Nadu who use satellite connectivity to gather timely weather information, the efforts of YouthSpark - Project Jyoti have created some amazing stories among other laudable initiatives.

Tata Group

The CSR programme is managed by three organisations — Tata Steel Rural Development Society (TSRDS), Tata Steel Family Initiatives Foundation (TSFIF) and the Tribal Culture Society (TCS).

Tata Steel Rural Development Society has a special focus on income generation, health and hygiene and empowerment. It has established a network of health stations and trained staff who provide basic healthcare. Projects include developing of water sources, training farmers on improved agricultural practices, promoting rural enterprise, infrastructure development to boost the village economy, encouraging animal husbandry, promoting art, culture, sports and games, sanitation, water conservation, tube well installation and the enhancement of livelihood.

The Tribal Culture Society (TCS) of Tata Steel has done outstanding work for the tribals of Jamshedpur and the surrounding areas in Jharkhand. It focuses on education, improvement of livelihood opportunities and the preservation of the ethnic identity of the tribal community. Project Sahyog helped youth to develop leadership skills, and inculcate a feeling of fellowship. TCS decided to work on building the capacities of adolescents. This gave rise to DISHA — Development Initiative on Supporting Healthy Adolescents, a programme seeking to delay the age of marriage, and provide access to information and better health services. SPARSH — Strategies for Promotion of Adolescent Reproductive and Sexual Health — provides information on issues related to adolescence and seeks to improve the status of the girl child in the community.

Tata Steel Family Initiatives foundation has been focusing on Maternal and Child Health, Adolescent Reproductive and Sexual Health, AIDS awareness, Drinking water and sanitation, Eye care and cleft lip correction, Lifeline Express, Watershed management, Land and water management, Enterprise promotion on financial management, entrepreneurship, etc through activities such as goat rearing, poultry, banana cultivation, etc

Ultratech Cement

CSR projects are carried out under the aegis of the 'Aditya Birla Centre for Community Initiatives and Rural Development', led by Mrs. Rajashree Birla. One of the unique initiatives that has been one of its kind was to develop model villages. Hence, each of their major companies is working towards the total transformation of a number of villages in proximity of their plants. A model village entails ensuring self-reliance in all aspects viz. education, health care, family welfare, infrastructure, agriculture, watershed management and sustainable livelihood options. The fundamental aim is to ensure that their development reaches a stage where the village committees take over complete responsibility and our teams become dispensable. More than 80 villages in the hinterlands have already become model villages. The social situation in many villages has gone from dependence to freedom and from backwardness to progress.

Vodafone Foundation

In India, Vodafone Foundation focuses on addressing challenges relating to education, equality and access. Vodafone Foundation, in partnership with the NGO Hand-in-Hand, initiated “Rural Women’s Initiative for Self-Sustained Enterprises (RISE)” project to address many of the challenges face by rural women entrepreneurs. The initiative aims to build the capabilities of 50,000 women entrepreneurs by providing end-to-end business development support to manage their enterprises efficiently including enterprise development, marketing skills, improving quality parameters (products, services and processes) and using technology to enhance market access.

Rudi Sandesha Vyavahar (RSV), an Enterprise Resource Planning (ERP) platform integrated with point of sales, is an initiative of Vodafone India Foundation in partnership with SEWA (Mahila Sewa Trust) in Gujarat to help the rural women within the RUDI network to sell farm produce within their local communities and generate more business opportunities.

Vodafone Foundation initiated the Digital Literacy programme in an attempt to bridge the digital divide amongst semi-urban and rural women and youth to enable them to access relevant and critical information for their social, economic empowerment. The project aims to enable 100,000 rural women and youth in becoming skilled in internet usage through the effective use of smartphones.

Satyam Foundation

The Satyam Foundation, an ISO 9001:2000-certified CSR, helps vulnerable and underprivileged people in urban areas. It focusses on livelihoods, street children, education, environment, empowerment of disabled persons, HIV/AIDS and overall health.

ITC Group

ITC Group, a conglomerate with business interests across hotels, FMCG, agriculture, IT, and packaging sectors has been focusing on creating sustainable livelihood and environment

protection programs. Their e-Choupal program, which aims to connect rural farmers through the internet for procuring agriculture products, covers 40,000 villages and over four million farmers. It's social and farm forestry program assists farmers in converting wasteland to pulpwood plantations. Social empowerment programs through micro-enterprises or loans have created sustainable livelihoods for over 40,000 rural women.

CSR initiatives from the Banking Sector

Birth of Bandhan

It served the needs of daily wage earners and women running small businesses, offering savings, insurance services, penetrating into the hearts of rural inhabitants. With their developmental programmes, reaching out to the underprivileged was on the anvil. It is actively engaged in the field of education, health, livelihood promotion, enterprise development, employment generation, renewable energy, poverty alleviation and the empowerment of women.

Bandhan Konnagar's THP (Targeting the Hardcore Programme) is unique helping the under privileged reach a higher socio-economic plane in terms of income sources, access to safe water and sanitation, better health care, practicing immunization and family planning, more literacy.

Bandhan schools encourage education of underprivileged children employing low-cost models and teaching aids providing an overall good quality and a congenial atmosphere of study. Low cost formal schools ensure holistic education and all round development of the child.

Bandhan's Employing the Unemployed scheme facilitated skill development focusing on Customer Relations and Sales, Hospitality, Information Technology enabled services, BPO, Computerized Accounting, Refrigerator and Air Conditioner repairing.

Yes Bank

Its One Lakh Tree plantation drive on World Environment Day saw voluntary participation from all walks of life. Under its Yes Community banner, each of the branches function as a knowledge exchange platform connecting all stakeholders in its Branch Serving Area. It has impacted more than 8 lakh lives in all states and union territories. The focus is on mainstreaming "glocal" environmental issues within the community like climate change, awareness, living environmentally responsible lifestyles and the importance of cleanliness.

'Saaf Suthra Bharat' campaign organized cleanliness drives with local municipal authorities, resident welfare associations as well as youth clubs, colleges, schools, trader associations and NGOs. The 'Yes I am the Change' workshops were run across schools and colleges with the aim of igniting young minds to be responsible future leaders.

The Bank partnered with the Kherwadi Social Welfare Association to provide school dropouts with skills in the tourism sector, so that they could later be placed in travel agencies or become independent travel guides.

To promote India's rich cultural heritage, "Yes Culture: India's Past has a great future" was cultivated by Yes Bank with its engagement with heritage sites to promote conservation and research on cultural issues and policies, such as heritage walks and cycle tours in Delhi in partnership with Intach or partnering with the Kumaon Literary Festival, among others.

Individual CSR

Live in Lakes

Mudar Patherya founded Trisys Communications, in 1993, which is a communication consultancy that specialized in annual reports serving the communication needs of over 100 corporates annually. Kolkata Gives Foundation, where Patherya is one of the trustees, works as a platform which looks to bridge the gap between the NGOs and people willing to donate.

He appointed himself as "garbage cleaner" and took it upon himself to clean the lakes of water hyacinth which was choking them, so that rare migratory birds could once again come back to congenial atmosphere. Every Sunday for many months, a simple message sent out by text messages got a large number of volunteers, men and women and young people of all age groups, to come and dig in and physically participate in the clean up.

Swachh Bharat was never on the scene then. The Live in Lakes now is experienced on Saturday evenings and Sunday mornings with music, poetry addas, literature readings. And frequent environmental trips to save trees and birdwatching too.

YouWeCan

A foundation established by cricketer Yuvraj Singh after he was diagnosed with Cancer. In September 2012, a YouWeCan app initially for the Windows Phone was launched by Microsoft. When a user bought the app, he contributed a part of the price as a donation to the foundation.

Don't you think the same way, You, me, We all can?!

The Budhias

Minu Budhia, wife of Sanjay Budhia being professionally a psychotherapist and counselor was the mastermind behind her Addlife Caring Minds.

With Cafe I Can Fly on board, vocational training was provided to young adults with special needs. Remember KFC waiters and waitresses (deaf and dumb) serving, guiding guests. Somewhat identical.

Temple Tree Designs

Sunita Dhairyam set up Temple Tree Designs in 2008 primarily to support the Mariamma Charitable Trust. A wildlife photographer and artist who returned from the US in 1995, bought a barren piece of land along the border of a national park in Chamarajanagara district of

Karnataka. An online Wildlife Souvenir store came into being which is dedicated to protecting and preserving the Bandipur National park and the animals within on which she runs a medical clinic for the needy apart from supporting education for underprivileged youth.

Cheque Book Philanthropy Vs Investing that makes an Impact

Ravi Venkatesan, Chairman of The Board, Bank of Baroda, Member of the Board of Trustees, The Rockefeller Foundation, Founder & Board Director of Social Venture Partners India on being interviewed about chequebook philanthropy had the following to say:

“CSR is often confused with charity and people end up practicing ‘chequebook philanthropy’ which has very less sustainable impact. Large firms need to have a disciplined approach with clear criteria for making grants to the most deserving non-profits. There are a number of underfunded and important areas that big organisations can consider like supporting NGOs that are working on human rights or governance. This will help in creating a portfolio of areas where they want to have impact. They should graduate from chequebook philanthropy to impact investing.”

Scope of CSR

The following activities come under the purview of CSR:-

- i. Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water;
- ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv. Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines;
- v. Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- vi. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water;
- vii. Employment enhancing vocational skills

viii. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;

ix. Measures for the benefit of armed forces veterans, war widows & their dependents;

x. Training to promote rural sports, nationally recognized sports, sports & Olympic sports;

xi. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;

xii. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;

xiii. Rural development projects, etc

xiv. Slum area development.

Conclusion

Corporate Social Responsibility (CSR) is a duty of every corporate body to protect the interest of the society at large. Even though the main motive of business is to earn profit, corporates should take initiative for welfare of the society. Previously it was voluntary for all the corporates to take steps for betterment of the society. But, now it has become mandatory. Concerted action is needed to improve their quality of life and ensure a sustainable future ahead of us. The impact that businesses have on society at large and the societal expectations of them is what constitutes CSR.

Moving Beyond "Writing a Cheque"

A new phase of CSR has kicked in. While monetary donations are always beneficial, establishing a long-term relationship with a social mission that aligns with the company's values will produce more valuable results. It is imperative for companies to pursue a role that will allow them to connect with communities and to leave a lasting impact for future generations.

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