

## Lecture 20

Hello. Welcome to this session, and in this session we will discuss about Corporate Social Responsibility, typically how Indian companies are doing their CSR. And also, we will briefly understand what is social sustainability, and try to also understand the difference between the corporate social responsibility and the corporate social sustainability.

Because most of the time it is being used closely, but you will find also there are certain differences there between the corporate social responsibility and corporate social sustainability. So, what does it mean when we say corporate social responsibility?

Possibly, we everyone understand what it means or how it is being operationalized. So, it is a continuing commitment by business to behave ethically, to contribute to economic development while improving the quality of the workforce and their family as well as local community and society at large. This is the definition given by WBCSD.

And if you look at the over a period of time there is an evolution of CSR with respect to what have been the focus for them. So, initially it was profit focus, a company exist only for the short term shareholder profit. Then, they moved into the philanthropy that is passive donation to charities when requested.

To community affair, strategy giving link to the business interest including the cause related marketing. To corporate community investment that is strategic partnership initiated by company. And finally, as a broadly now the way the corporate social responsibilities evolve they are playing a big role in the sustainable business when it is integrated into business function goal and strategy.

So, CSR is not just a part of charity, CSR is not something about doing only community, it is integrated into the business function, goal and strategy. So, CSR in India started in 1859, during industrialization, CSR was just about charity and donation. And during independence, it was women empowerment and rural development.

Then, in 2014, this is with our company act company act approved and for there we got the first country in the world to enact the mandatory minimum CSR spending law. So, over a period of time CSR in India has also evolve with the development of India and moved from charity philanthropy to women empower and rural development and many more focus. And from institutional building it is to community development.

So, when we talk about CSR, the first name came is the Tata Group. They are the first one to possibly when the name of CSR was not kind of define operationalized, they were into the activity what should be the part of the CSR activity. They are the first one to establish the labour welfare practices even before these were made statutory laws across the world.

They introduced the Eight-hour work day, in 1912. The free medical aid they started in 1915. Welfare Department in 1917. And leave with pay, Workers Provident Fund Workmen's Compensation in 1920. And Maternity Benefit for ladies in 1920. So, all these information taken for this is adapted from this internet sources on CSR in India, like typically what is the history of CSR in India.

This is this graph shows the recent activity disclosure what have been part of this future scale business responsible business report in 2020. And if you look at, in the um the in the y axis of this graph the you will find that the activity what comes under CSR or the activity what the company they have been doing under CSR those have been listed.

And mostly if you look at it is educational initiative, health and wellness, rural development, environment, livelihood, donation, charity, and vocational training. There are many more thing where the presence of CSR by the company is still very marginal or very minimal or also we may say this is absent where they need to pick it up.

So, company has have been steadily improve their performance on this count, but you will we will find that still there are not having enough programme in the social space. So, even if the CSR activity is increasing, but then do not have the adequate programme in social space.

This is the top 10 India, this is the top Indian companies by for CSR. This is from CSR report 2020, and this ranking the CSR top Indian companies in CSR. This ranking is based on companies, spending pattern on CSR performance, spending with respect to the responsibility matrix and also the ESG performance and how companies are incorporating the SDGs into the responsible business action.

So, here if you look at there are ah presence of manufacturing, there is presence of public sector, there is presence of service sector. So, there is a mix of different company that those are appearing in the top 10 company performing the best in CSR. Let us look one or two company, let us take one or two company and see how they are how they have perform or what are the activity in the CSR.

So, to start with Infosys, the well-known company for CSR. It conducts its CSR activity primarily through three trusts Infosys Foundation in India, Infosys Foundation USA, and Infosys Science Foundation. These are the focus area that is healthcare, education and others.

And this is what their prescribed CSR spending and actual spending what they have done in last 5 years that is 2014-15 to 2018-19. And if you look at whatever they have prescribed for CSR amount, that is mostly they are kind of spending it or close to that, whatever is prescribed and whatever is actual they are spending for CSR.

And this is their CSR highlights mostly with healthcare and others, ah others initiative or the other activities coming under the CSR. Then coming to the second company that is ITC. The key stakeholder over here is the typically they focuses on rural communities across India, where ITC has the agri-business operation and large majority of whom are small and marginal farmers.

The community is residing in the vicinity of ITC units mainly rural, but also the semi-rural and also the urban location. They take a horizon strategy that is through intervention of making current livelihood more productive profitable and sustainable. And the focus area is primary agriculture and allied activity.

Then, they have this popular ITC e-Choupal Initiative, in the focus of watershed development, afforestation, sustainable agriculture, livestock development and women economic empowerment. Also, ITCs program for education, skilling and vocational training, health sanitation and the solid waste management.

This is their Water Positive Status. Then, they have partner with NITI Aayog to Improve the Agriculture and Allied Sector in 27 Aspirational District. Then E-Choupal platform to enable the Market Access and Digital Driven Agri-Transformation and helped 4 million farmers till dates.

Similarly, coming to the another company that is Tata Chemical. So, here the CSR programme is represented as BEACON. BEACON is for Blossom, Enhance, Aspire, Conserve and Nurture. And it covers the aspects of health, sanitation, nutrition, livelihood generation, education environment and biodiversity and what each of it focuses on.

So, in blossom if you know about the, Okhai centre, they have created the Okhai centre for empowerment where they give the livelihood to 1500 artisans through skill enhancement training and facilitating the market linkage. And this is one of the successful platform where the sales are increasing in for the handicraft and handloom. That in enhance, in the under enhance they are promoting livelihood, agricultural development and the livestock management.

Similarly, in aspire, it focuses the learning and skill development initiative. And similarly for conserve, it is biodiversity protection. Nurture, it is health and sanitization. And apart from this, ah this also they focuses on women empowerment and the disaster support.

Now, coming to the second part of the session to understand what is social sustainability. Now, so, we know that sustainability has 3 dimension, it is economic, it is environment, it is social. But, let us try to because the space, the spare, it all talks about the social business, social entrepreneurship, in this context let us understand what is social sustainability.

So, social sustainability is the ability of a community to develop process and structure which not only meet the need of its current members, but also support the ability of the future generation to maintain a healthy community. And from the business perspective, it is about understanding the impact of corporation on people and society.

In corporation, social sustainability performance issues includes human rights, fair labour practices, and also it gets into community engagement and philanthropy. Now, why there is a growing importance of social sustainability? There is a growing importance of social sustainability because of this query what the businesses or what the community they face at the business community, they face at the different point of time.

Are we properly engaging our stakeholder? That is with respect to the stakeholder engagement. The complaint and grievances are we adequately responding to this. How efficiently we are uplifting the community we directly or indirectly impact. And what is the most effective manner to bring them to the supply chain?

Are we investing in the education and health of the young people in our immediate surrounding? And all this thing is also this part this social sustainability, there is also a standard. So, at some point of time if the organization want to get a certification or get a certified with respect to their activity of the social sustainability ISO 26000 that deals with the standard related to social sustainability.

So, this is the international standard to develop to help organization effectively assess and address the social responsibility. And that are relevant and significant to their mission and vision, operation processes, customer, employee, community, and stakeholder and also the impact what they are creating to the ecosystem.

Now, let us understand the philosophy behind the social sustainability. This is being ah presented by many through ethics of social sustainability, the philosophy of social sustainability and few few of the points, few points from there we have taken here to understand what is the philosophical aspect of the social sustainability.

Now, here if you look at the social sustainability the focus is on individual's behavior, attitude and action. And here the entire social sustainability um concept or the philosophy behind social sustainability is to develops the reverse consumerism. That does not mean that we need to end consumption, but understanding the minimalistic requirement for it.

So, you will feel that in many cases the minimal or the minimalistic have been a new tagline to understand that how we are concern for the environment, how we are concern for the society. But here the social sustainability philosophy even if they are saying that we should consume less. But it is not about end the consumption, it is about understand what is the minimalistic requirement and accordingly acting over that.

The other perspective comes over here is that to understand between the wants and need. So, our basic economic starts with the fact to human wants, and we know that human wants are unlimited. And if we are going to fulfill the unlimited wants at some point of time we get into the basic economic question that how much resources available and how much is the how much is our want. And we always find a gap between the availability of the resources and our unlimited want.

So, in that connecting to that social sustainability, the philosophy behind it is that to understand the difference between wants and need, what we want and actually what we need in life, so what is necessary instead of what is wanted. And here some of them have given very radical examples, starvation by choice to understand the actual need of the starving individual.

So, unless we are not starving, possibly we will not know how the hunger or how the starvation is that. Or with the second example can be take the vow of poverty to understand the certain level of build in social expectation.

So, these are all philosophy, but when it comes to operationalization we need to see how do we operationalize the reverse consumerism or how do we operationalize the minimalistic requirement, so that it is not affecting the other stakeholder in the process or the other stakeholder in the model.

Then, there is the different dimensions of social sustainability given by Noble Laureate Amartya Sen. There are 6 dimension of social sustainability. It starts with, the first one is equity. Here the community provide equitable opportunity and outcome for all its members, particularly to the poorest and most vulnerable member of the community.

Then diversity, the community promotes and encouraged diversity. Interconnected social cohesion, the community provide process, system structure, promote connectedness with the outside the community in the formal, informal and institutional level.

Similarly, the quality of life the community ensure the basic needs are met. To foster a good life for all their members in individual, group, and community level with respect to health, housing, education, employment and safety. These are the basic need to lead a good quality of life.

Similarly, the other dimension is democracy and governance. Like what kind of processes the community is having and also the open and accountable governance structure. And the last one is maturity, that is the individual accept the responsibility of consistent growth improvement through better social attributes that is through behavioural pattern, indirect education, and the philosophical exploration.

So, the typical example here what we are discussing in the previous slide is to understand by consuming more where I am impacting or which stakeholder is getting impacted. If I am getting minimalistic, whether I am affecting any of the any of the stakeholder in the business processes or in the business model or in the society model.

Now, these are few of the example, social sustainability example that is ah the initiative taken by the company, like general electric, matching gift program and health care access. There are and this has become like a ah popular program you will find many organization they have given this.

Then, IBM, the corporate citizenship that is 167,000 years of computing time to support projects such as cancer treatment research. 3M gives, Young scientist challenge. Zappos for good Donate the school supplies. Cisco, goal is to impact 1 billion people by 2025.

Then, Apple 'ask less to planet', 'the greenest tech company in the world. LinkedIn for good channel to participate in mentors mentorship donate times and find volunteering opportunity through volunteer marketplace. You will find many more example they stay this is the organization they are also, seriously ah they are putting their effort for the social sustainability you will find many more example of the social sustainability in context.

Now, let us understand since we have discussed about two thing that is corporate social responsibility and corporate social sustainability, let us understand what may be the difference between CSR and CSS. Because we know that in many cases we use it interchangeably, but also there are certain differences that that is there between the corporate social responsibility and corporate social sustainability.

So, here this is one way uh it is being summarized with respect to vision, target, and motivation and also we will see in the next slide there are other way where we can make a difference between these two. So, here to start with a vision, CSR often looks backward and reflect on what a company has done and contribute to the society.

And sustainability typically looks forward and develop a sustainability strategy for the future. Targets, the targets for CSR initiative are often opinion former that is media or politician and pressure group. Whereas, corporate sustainability look at the whole value chain everyone from the end consumers to the stakeholder.

When it comes to motivation, CSR, the driving forces behind CSR initiative is to protect company's obligation, but for when it comes to CSS the drive has to more to do with creating new opportunity for the emerging market. Now, few more differences between CSR and CSS.

So, CSR is considered more like a umbrella term under which sustainability is one aspect. Other argue that CSR is the one of the three-pronged 'p' in the people planet and profit, whether they are evolving eventually to become synonym there are difference between these two.

CSR refers to business responsibility to act ethically, consider their impact on community at a large and does not necessarily encompass the sustainability. So, it is they are more on what is the impact on the community. In that process sustainability may be achieve, sustainability may not be achieve.

On the other hand, sustainability concern with preserving resources in operating in a way that conducive for the long term trading. And here the clear difference between CSR and CSS is that also we discussed in the previous slide, CSR looks backward at performance typically over last 12 months, while sustainability you will find that it is more forward facing focus with a targets to secure the future for the trading.

Similarly, both CSR and sustainability understand that the context that each community environment in which business operates is integral to business success and sustainability then goes step further taking into account of the need of the future generation.

So, possibly the understanding over here is that the CSR is bother about or the concern about the community environment in which the business is operating, but sustainability is not now also looking at the environment and the community that will happen in the for the future generation or in the future.

In business practices, some says CSR is embedded in companies mission and vision who who it is, what it wants to represent achieve, but sustainability is the day to day operation of the company. For example, how to use the energy that is more like a sustainability.

But when you take the same example is that if you are sourcing the energy from, which sources, whatever the impact you are making, or sourcing energy if you are able to help any group any stakeholder that more about the corporate social responsibility.

So, there is a multi-dimensional view of CSR, typically known as 4CR. And it incorporate three interlinked movement in the corporate world that is CSR, sustainability, worldwide reforms on the corporate governance. So, there is another view is that see there is a apart from CSR also there is 4CR, and in 4CR it incorporates the CSR sustainability and also the corporate governance which is part of our the newest rise in the ESG.

So, here in the last uh this session, we are trying to explore what corporate social responsibility means, how the top Indian company they are doing their CSR. Then, understanding briefly about social sustainability, what are the different dimensions, or what is the philosophical aspect associated with social sustainability, few of the example of social sustainability by the company.

And lastly we discussed about the difference between the corporate social responsibility and corporate social sustainability. So, in the next session, we will see what are the sustainable development goal and how it can be aligned to the corporate strategy of the organization.

Thank you.