

PERSPECTIVES

CSR makes good business sense!



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THE notion of corporate social responsibility (CSR) has been with us in India, ever since the concept of *daan* — of giving voluntarily for greater good. The country's legendary business houses like the Tatas and the Birlas, actively promoted concepts of nation-building and trusteeship in their corporate traditions, even before CSR became a popular cause.

Today, CSR has seen a movement away from mere funding to looking for a direct business impact. It is a social investment as opposed to philanthropy. Truly sustainable initiatives are those which have a positive and tangible benefit on the health of the business. If we list out four quick parameters CSR initiatives should fulfil, they look no different from the logic we might have for developing and marketing a new product.

One, the activity must have a specific target group for engagement. Two, it needs to address a need within that target group. Three, the target group must feel the value of the initiative. And finally, the initiative needs to result in increased business and profits for the company, in the short or long term.

A global survey by PricewaterhouseCoopers, which polled 1,100 CEOs further supports this point. The survey showed that CSR is important to profitability and can prevent the loss of customers, shareholders and even employees. With the proper implementation of CSR activities, a company can attract and retain the best of talent, cut or prevent future costs, create a sustainable revenue source, strengthen brand value, enhance reputation, improve employee morale and create a positive political and social environment to function in.

The opportunity for CSR lies in diverse areas,

dictated by the products we make, the customer base that we cater to, the region or locality that we operate in and, of course, the condition of those customers and regions.

At Apollo Tyres, for instance, CSR work is currently geared to address to a large extent our key customer segment in the commercial vehicle area through HIV-AIDS prevention and awareness clinics for the trucking population, creating employment for out-of-work, war-wounded soldiers and in supporting women's and children's education and health in the villages that surround our manufacturing locations. These are activities that have a tangible impact on our business now, and in the future.

However, in recent times, it is felt that corporates need to take this aspect of business ahead a lot more aggressively — both by increasing the quantum of

could cooperate going forward.

We hope India Inc will work together on certain key projects to raise the environmental, labour, social, health and safety standards in each of our companies, way beyond what is stipulated by the law of the land. In the quality paradigm, this is how Japanese companies have ensured consistent quality at every level of the value chain. They believe that quality does not stop at the company's doorstep, but begins at it. And, therefore, ensure that business partners, both up and down the supply chain, become as quality conscious as they are.

Similarly, I have come to believe that if we want India Inc to be benchmarked against global standards, for each of our business aspects, we must try and collaborate as intensely as possible. Only then, will we be able to raise the bar across the industry and across sectors of the Indian economy.

The thought of making CSR a strategic part of business is new, as is the logic of why it needs to become so. Sustainability of the CSR objectives comes from two areas. One, the goals are chosen wisely, are achievable and have a direct linkage to the business we are in. And, two, there is commitment at the topmost level of any organisation.

Like all business initiatives, CSR requires thorough research, a detailed and proactive plan, regular management monitoring, constant interaction and feedback from the audience for whom the programme is run. In short, a commitment deeper than just lip service. The key factors here are sustainability, continuity and constant monitoring and reporting.

Indian companies need to gradually move up the value chain even in CSR activities. For long, many of us have remained at the "compliance" stage, where in matters of health, safety, labour and environment, we have been happy to adhere to local and central government norms. Some of us, have taken this forward to what is commonly known as the "harm minimisation" level, where our community engagement has been a means of averting ill-feelings or connecting with the larger local community and government bodies. It is time now, for us as a whole, to reach the "value creation" stage. Value that we ourselves will be able to harness, in Professor C K Prahalad's words from the "fortune at the bottom of the pyramid".

(The author is CMD, Apollo Tyres Ltd)

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involvement in the work, as well as by involving key external stakeholders directly. Towards this, recently, over 80 of the senior-most managers from our largest raw material and machinery supplier companies gathered in New Delhi.

Many of them are acknowledged leaders in their field — globally or in India. It was a platform for thought-sharing on the strategic importance of CSR activities for any company, to understand what each of us is doing in this regard and how we