

Report on the BCF-IIC Open Discourse Series session
“Mainstreaming CSR in Management Education”

November 30th, 2009

The Business and Community Foundation and India International Centre organized the third Open Discourse Series session on the “Mainstreaming CSR in Management Education” on Monday, November 30, 2009. The session was a panel debate followed by an open Q&A session. The event had around 130 participants from business schools, international universities, corporate houses, civil society, and non-profit organizations.

The objective of the session was to understand the challenges faced by b-schools in teaching CSR, importance of mainstreaming it into the course and exploring perceptions of CSR in India today. This report contains key points raised and debated upon in the session.

The panel chair **Professor Vasanthi Srinivasan** of the Centre for Corporate Governance and Citizenship at the Indian Institute of Management Bangalore set the scene. She asked the panelists to give their view of CSR – in management education and beyond, and how they saw things developing.

Mr. K.T Chacko, Director of the Central Government Institution of Excellence at the Indian Institute of Foreign Trade spoke first. He talked of the common bind held by everyone in the room. of a shared responsibility for the corporate sector to be more responsible socially. Mr Chacko questioned whether it was practical and feasible to look at the behaviour of corporations in terms of their social responsibility? Or just wishful thinking? He argued that ultimately, how corporations should behave is defined by who they understand are their stakeholders. For Mr Chacko, corporations have a wider circle of stakeholders ‘society’ with a concern for protecting wellbeing now and for the future. This concern brings a behaviour pattern expected of all, including business. To illustrate this he cited environmentalists as a group of stakeholders for companies. In the issue of exhaustible resources it is the responsibility of business to invest in R&D to find alternatives.

Mr Chako was realistic in his assessment that corporate social responsibility adds to costs. Engaging responsibly with society cannot be left to the will of corporations to meet a vision for a sustainable future. He argued that a mixture of legal framework, norms and standards, and social pressure is required.

He also said that there were a number of inspiring examples to be found in India. If you look at companies that are ‘built to last’ – those corporations that have been operating for 100 years or more - have displayed a fairly consistent and healthy approach to their responsibilities to society.

Mr Chacko identified a critical determinant for corporate social responsibility as being resource scarcity. If a company is using resources that are scarce – whether oil, land, water, capital, or other – there is a responsibility to use it in a way that meets societal need and welfare of communities.

Lastly, Mr Chacko recognised the need for NGOs to inform the teaching of CSR in B-Schools – so that these schools reflect the needs and views of communities.

Next to speak was **Dr Harivansh Chaturvedi, Director** of the Birla Institute of Management Technology (BIMTECH). Dr Chaturvedi said that the past year has put a focus on CSR for global business. The slow down has seen a failure of some of the biggest corporations and proved – he argued - that a system led by the market only does not work. Further, he said, 25 years ago we learned that a socialist, centralized model does not work either. Companies need to move beyond the token gestures of corporate philanthropy, he said. “It is not enough. If it was enough, we wouldn’t be facing the problems that we face today” said Dr Chaturvedi. 20 per cent of the people of the world own 60 percent of its wealth. The bottom 20 percent own just 1.5 percent, 4 billion people live on barely \$2.5 a day. He told the audience that there is enough food to feed the world’s people, but people are dying from malnutrition – including in India. **So what, he asked, is the role & responsibility of business in society?**

Dr Chaturvedi said that every decision must take into account the needs of all stakeholders, not just shareholders. And that companies cannot separate CSR from corporate governance, ethical leadership, labour standards. Any company today not adopting a responsible path will face a problem. “We have seen many be a big multinational. But if your CSR is for show, if you aren’t taking all stakeholder interests into account, you will have a problem”. Many of these companies have high ambitions, said Dr Chaturvedi. “They want to control the country. But they have no time for the needs of its people. In this country, conflict is rising. Tribals are being uprooted. 25 years of the liberal path has widened the gap between rich and poor. We need a national resolution – dignity and respect for all members of society”.

He then revealed some research which showed that 87% of MBA students think companies should work towards broader societal goals. But only 18% of them thought that companies were doing this. 36% of students thought B schools were helping companies to contribute to society, 72% wanted the curriculum changed and 79% wanted jobs with a social purpose. Dr Chaturvedi said that a platform was needed for b-schools, business and NGOs to work together on changing this.

Professor Ashok Kapoor, Dean of the Management Development Institute, Gurgaon, took the floor. He shared an account of his institution’s approach to teaching CSR. He said that they had CSR as an elective on their course. Not many chose it. An accreditation agency advised them it should be their core syllabus. But Professor Kapoor argued that the fact that this event is titled ‘mainstreaming CSR’ shows that somewhere corporate responsibility education gets sidelined.

In promoting CSR, a very important concept here is humility. Sometimes MBAs are described as Management By Arrogance. Professor Kapoor argued that CSR cannot be taught. It has to be practiced. What matters is socially relevant and responsible behaviour by companies, which can help them in their business. He felt that the need is for companies to do something, not just talk

Profesor Vasanthi Srinivasan from IIMB responded to the panelists. She said it was important to consider three areas in mainstreaming CSR in management education: Students, institutions and

Faculty. Professor Srinivasan said that too often Students were seen as robots, slotting into a machine. They are given a course on values at the end of the first year. Then it is put aside. For her values aren't about doing good to others, but a core part of how decisions are made. She argued that Institutions have to remember their students are their products, not their customers. And they must be more assertive in prescribing what they will equip students with. Values are part of this.

She argued that Faculty urgently need positive, enabling stories to teach in the classroom. Especially she said there is a need for Indian examples from large and medium sized companies. This is crucial if faculty are to make the connection real in a country as diverse as India.

The debate shifted to CSR more broadly. **Questions** was put to the panel about how corporates should maintain a balance between profitability and responsibility. The answer was triple bottom line reporting

There were qts **asked** about land acquisition. The panel agreed that the next 20 years will be very difficult, with complex challenges to manage. Points made included:

- “putting values into decision making will be important”
- “only honesty will survive the future”
- “climate change, food security, water – corporate must respond to these critical issues”

There was a question about the role of SMEs. The room debated the issues, with responses including:

- “SMEs usually have much lower negative externalities.”
- literature on SME responsibility is very slim
- SMEs account for 90% of business activity in India

Other points made and questions raised included:

- “Why can't we find a way to monetise ROI on CSR, like we have done for advertising?”
- “globalisation has created one market. Companies have to understand how they will differentiate and CSR could be one of the answers.”
- CSR people think they are the givers and NGOs are the receivers than mutual interest.
- “Today we are following a largely western model of CSR. Our needs are different. Business engagement needs a more developmental agenda than simple good corporate citizenship.”

More CSR open public discourses / roundtables will be held in 2010. **IIC kindly hosted the event.**

By Joe Phelan

International Business Leaders Forum