

BCF-IIC CSR Open Discourse Series – 8th February 2010

Panel Discussion on Corporate Social Responsibility Guidelines

BCF & IIC organised a panel discussion on 8th February to discuss and obtain general feedback on the recently released Voluntary Guidelines for Corporate Social Responsibility by the Ministry of Corporate Affairs, Government of India.

Welcoming the experts and the guests, Ms. Amita Joseph, Director, Business and Community Foundation (BCF) started the discussion and invited Mr. Joe Phelan from IBLF to introduce the panel chaired by Prof. Sriram Khanna.

Prof. Khanna is a Professor of Commerce and Business in the Delhi School of Economics, started the talk by asking two major questions that are of utmost importance at the moment. First the relevance of the guidelines? Second area of concern is whether the companies will follow voluntary guidelines? He then asked Mr. S.Sen, Principal Advisor CII to express his views.

Mr. Sen said that CII believes in ‘inclusive growth’ but it’s more important for the companies to first put their house in order and then talk about CSR. He had a few suggestions to share:-

1. We need to define what is CSR. There is no one definition.
2. The companies who do well in the field of CSR should be recognized by the Government
3. Financial resources are spent on CSR but there needs to be ways to measure impact.
4. Companies should tell the government about the work they have done in this sector.
5. There should be an exhaustive database for the companies who want to start participating in CSR as some companies want to do so but need knowhow & evolve strategies.
6. There must be a concept of volunteering for the employees of the companies who want to work in partnership with the non profit sector & improve their interaction.
7. Companies should actively advocate and encourage CSR.
8. In India, a land of extreme diversity, companies should contextualise this diversity.
9. There should be a higher recruitment of women in the industries at all levels.
10. Recent Issues around land which have come up are critical. Companies should be sensitive and put in place measures to take care of people who are giving up their land.
11. These guidelines are voluntary in nature. Let’s give it a try. In any case, it’s the first ever guidelines. It can always be improved upon later.
12. Since it is a Ministry of Corporate Affairs guidelines, industry would give services attention to it.

Mr. Viraf Mehta, CEO, Partners in Change started his feedback by stating that there is confusion in the minds of the companies related to sustainability and responsibility. They are sandwiched between the social guidelines, labour guidelines, environmental guidelines etc. He also said that Public Companies have started CSR and Domestic Private Companies are also taking active part but the companies coming in the bracket of Small Enterprises are generally untouched by this. He then spoke on how these guidelines were framed and the workings of the drafting body. He explained the content phase and the core elements of the draft. He added that at this moment, there are two paths - either criticise the guidelines or use it to engage with business.

Next to speak on the issue was Dr. Aqeel Khan, Director ASK, who started his discourse by asking a very basic question that who is going to implement these guidelines and who will monitor the implementation? He said that the notion of accountability in the arena of CSR is extremely important. He raised a number of questions when he discussed the issued guidelines.

In the guidelines, the first point is 'Care for all Stakeholders'. He said that this should be 'engagement with stakeholders' instead of care. He said that there should be care automatically and should not be prompted.

Secondly, 'Ethical Functioning' should be replaced by 'Ethical performance and Accountability'.

Third, 'Respect for Worker's Rights and Welfare' need not be prompted by the government as labor laws exist and a company cannot and should not function if it does not follow laws of the land. These are legal rights and are CSR guidelines needed to make the company adhere to it?

Fourthly, 'Respect for Human Rights, 'Respect for Environment' and 'Social Inclusion' are themselves core principles that companies should follow.

He said that the CSR guidelines are a mixture of old practices and new concepts. He added that the guidelines are more oriented towards CSR and welfare programs and that the government should set standards of accountability and detailed framework for facilitating the development & implementation of CSR policies.

The next speaker was Mr. Ashish Shah, Assistant Professor, DBS, who started by reminding us that the ancient economic theories are relevant and concerned with Corporate Social Responsibility. He said that the introduction of the CSR guidelines by the Ministry is a welcome step but the implementation and governance part is crucial. The guidelines should be voluntary and not be made mandatory. If they are made mandatory, they would become another set of laws in the huge bundle of existing legislation that gets flouted. There are countless laws for the companies, like labour laws, which are seldom followed. He said that CSR should be related to the core & spirit & ethos and not just the mind of the Companies if it is to really work.

He gave the Baker Model which is related to business and society. The three points of the model are that there are

- Expectations of the society of the corporate,
- Expectations of the society of the state and
- Expectations of state with society.

He gave an equation which was $GSR = C + I + E + NX$

Where GSR stands for Global Social Responsibility, C stands for Consumption, I stands for Investments, E for Expenditure and NX stands for Net Expertise.

In the question answer session Dr. Vineeta Dutta Roy Professor from BIMTECH said that it was an interesting discussion and she welcomed the fact that guidelines have been framed keeping into consideration the need to respect the environment and human dignity.

Ms. Namrata Das, management student also came up with the question if there is any independent committee proposed which will look after the implantation & accountability.

Ms. Aditi Kapoor, a writer pointed out the fact that it is also time that corporates need to look at their own regulatory function and there is a need for self regulation in order to make it effective.

Prof. Shri Ram Khanna concluded that this document has initiated debate and feedback will be an enlightening process for the Ministry. He also said that there should be follow up within companies and boards about the guidelines. He pointed out that there are no references given in the guidelines & this needs to be incorporated and the guidelines need to be practical and applicable in Indian conditions.

Amita Joseph while giving the vote of thanks mentioned that this was perhaps the first public discussion of the guidelines & CSR was critical in the light of the fact of the deepening of poverty, the Tendulkar Committee Report of 2009 & the fact that GDP growth cannot be sustainable if it co exists with hunger, poverty, homelessness & farmers suicides.

The open discussion series had a full house with a mixed group of participants drawn from Management institutes, students, civil society, academia & corporates as well.

By Dipika Sheron & Kabir Krishna