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Corporate Social Responsibility in India

Sunyoung Lee

**A Case Study for the Oxford-Achilles Working
Group on Corporate Social Responsibility**

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INTRODUCTION



"Corporate social responsibility must not be defined by tax planning strategies alone. Rather, it should be defined within the framework of a corporate philosophy which factors the needs of the community and the regions in which a corporate entity functions. This is part of our cultural heritage. Mahatma Gandhi called it trusteeship....I invite corporate India to be a partner in making ours a more humane and just society... We need a new Partnership for Inclusive Growth based on what I describe as a Ten Point Social Charter...first, we need to have healthy respect for your workers and invest in their welfare..." .

*Indian Prime Minister,
Manmohan Singh in 2007*



The speech above touches upon three important issues in contemporary discussions about CSR: 1) the role of government in relation to CSR 2) the drivers of CSR and 3) the end results of CSR. Mr. Singh implicitly suggests that Indian CSR must be a voluntary activity that gives companies free hands with respect to the government. A strong cultural heritage is a key driver of Indian companies to become engaged in CSR. The outcome they strive

for is a better society which is more humane and just; in achieving this, their approach doesn't just focus on community development projects or philanthropy, but also includes extensive programs for employees.

Building upon the points made in the speech, the purpose of this study is to characterize the CSR activities of Indian businesses and highlight the unique features of Indian CSR. In doing so, we identify good CSR practices in India, from which Indian firms can benefit in competitive global markets and from which Western firms might learn. This case study is based primarily on 50 semi-structured interviews with policymakers, business people, practitioners and researchers, which were conducted in India during the summer of 2008.



PART I: OVERVIEW

CSR has a long tradition

As Mr. Singh pointed out, one of the key drivers of Indian corporate social responsibility is found in the country's

cultural heritage. The concept of “trusteeship” asserts the right of the capitalist to accumulate and maintain wealth and to use it to benefit society (Narayan 1966). Researchers have established connections between CSR and trusteeship (Renold 1994; Masani 1956; Pachauri 2004). Gandhi’s view of the ownership of capital was one of trusteeship, motivated by the belief that essentially society was providing capitalists with an opportunity to manage resources which need to be managed on behalf of society in general.

As the tradition suggests, almost every large corporation involved in the Indian market today is engaged in some form of social initiative in India although this is not well documented. CSR penetration in India is relatively high with over 80 percent corporations administering some kind of corporate social responsibility program; this exceeds some of India’s counterparts in Asia, especially Malaysia, Japan, Korea, Thailand, Singapore and the Philippines that are economically more prosperous than India. (Chambers et al 2003).

Keep a low profile

Despite the high penetration, CSR activities of Indian businesses are not well recognized

at the global level. Diverse stakeholders in India interviewed have pointed out that Indian companies' CSR programs are significantly underestimated. An immediate explanation would be that contemporary CSR international rankings based on the continued emphasis on the corporate bottom line fall short to assess CSR performance of Indian firms as they address social problems like poverty, health, and education.

Another reason might be Indians themselves. They believe it is not appropriate to talk about the good deeds that they are doing. The rule of 'Do not let the right hand know what the left hand is doing' is predominantly being applied to the case of CSR. Only 17 percent of the companies surveyed in India had a written CSR policy while more than 80 percent of the surveyed companies engage in CSR programs (Partners in Change 2005).



PART II: WHY CORPORATE SOCIAL RESPONSIBILITY?

Many companies in India start CSR programs as a response to dissatisfaction with the prevailing social order and an urge

to improve it. It is often the case that CSR programs emerge out of the founders' desires to create alternatives which challenge existing models, and their corporate practices are shaped by their underlying deontological views about social reality. The motivation for socially responsible activities of companies often comes from the leadership and orientation of top management (Sood and Arora 2006).

Alternatives to existing order can be put into three categories: alternatives to the state, alternative community and alternatives to the market.(Schwabensland 2006) In India, alternatives to the state and alternative community seem to be prevailing, while market alternatives are less noticeable.

1) Alternatives to the state

There has been a global trend toward greater involvement of the private sector in the division of responsibility between the state and the private sector for the delivery of public goods and services. The Indian government faces many challenges in addressing the immense problem of poverty in the country. The public sector has partnered with the private sector in India for sometime now. The real shift, however, took place in the 1990s when India

liberalized its economy, an event brought about by a prolonged national financial crisis. The private sector was allowed to operate in many areas that had been previously reserved for the public sector, and was given more opportunities to compete in more segments of the economy (GBC 2007).

The performance and activities of the public sector on welfare has not always escaped criticisms from industrialists in India.

Industry leaders in India have repeatedly blamed the government's poor performance in education for the dearth of qualified candidates and the 'poor quality' of most engineering graduates, and argued that steps should be taken to make young people from rural areas and lower castes more competitive in the job market, especially by improving the quality of school education.

The IT industry has taken steps to upgrade and re-orient engineering education to better suit its needs in the form of corporate social responsibility. At the CII National Summit on CSR 2007 Mr Venu Srinivasan, Chairman, in his address said that the benefits of the Government's welfare schemes did not always reach the target groups. Industrial experience could

help here, he said. Mr Srinivasan emphasized that business has expertise in man management, financial management and business planning and could easily provide the missing ingredients of leadership and organization and establish the 'last mile connectivity' to take the benefits to the people (CII 2007).

There are no officially recognized guidelines or reporting standards on corporate social responsibility, though the Securities and Exchange Board of India (SEBI) provides recommendations on corporate governance. However, this doesn't necessarily mean that the Indian government is silent in this issue. The authorities have been promoting the adoption of CSR without imposing a mandate. Through the Ten-Point Social Charter, for instance, the Indian government emphasizes measures to ensure workers' welfare, new jobs, skill development for the less privileged, and avoidance of excessive remuneration to promoters.¹

The approach is different from the policy rationales and frameworks of some countries in the EU where government plays a more proactive role in providing businesses with incentives to do good for

their communities. The British Department of Trade and Industry (DTI), for instance, has launched a fund awarding companies for innovative CSR programmes, and more than 130 projects have been carried out using this funding. (Michael et al 2007)

Below are responses from some senior policymakers in India responding to the question in my interviews about whether the Indian government is moving toward a more proactive policy on CSR

"The role of public policy is creating an enabling environment for CSR. The government's job is to provide incentives to help them become more responsible and accountable. Schemes such as tax benefits are examples."



"It should be up to each company because CSR activities are supposed to be voluntary. We have guidelines on corporate governance. Perhaps if a company has good corporate governance practices, for example, if the decision process is transparent at the company, then, the public can tell whether the organization actually does what it claims to be doing, meaning transparency could force the company to consider ethics and values and make itself more accountable for its own operations as well within its entire supply chain"



¹ see box below for the complete Ten Point Social Charter

In other words, the government has a responsibility to ensure minimum legal standards and their policy framework could use fiscal as well as regulatory measures where appropriate to boost socially and environmentally responsible performance. However, CSR should continue to both comply with minimum legal requirements and develop more extensive programs designed to meet local needs in the interest of business and of the rest of society. This view is similar to Gandhi's position on government intervention. Gandhi called for social justice and the alleviation of suffering, but believed that change brought about by government intervention would be ineffective and suggested that there must first be a change in consciousness. The wealthy should not be coerced into sharing their wealth; they should do so voluntarily (Renold 1994).

Despite few formal policies and procedures on the involvement of the private sector in public projects, the end results of most public welfare policies should make society more humane and just – which is what the private sector is also seeking. This was evident in interviews: 'inclusive growth' was very frequently referred to by company leaders and policy makers. However, tensions between the private sector and the

government arise when the means to achieve the end are divergent.

Governmental pro-poor policies such as the National Rural Employment Guarantee Program (NREGP) and reservation policies which might be used as a form of patronage to solicit votes are different from companies' empowerment programs, including employability trainings.

Although there is some recognition on the part of industry leaders that the workforce is not as inclusive as it could be, most are firmly opposed to legal or administrative action to remedy this situation or to increase diversity. Indeed, IT industry leaders – and even 'techies' themselves – have been at the forefront of opposition to the revived proposal for affirmative action in the private sector, or for OBCs in premier institutions of higher education.² For example, the former Chairman of Infosys N R Narayana Murthy made the following statement:

"I firmly believe that there is considerable social injustice in the country and that we have to help the disadvantaged people to

² The strength of this opposition is seen in the fact that at the height of the anti-reservation agitation in 2006, a number of IT professionals came out on the road near Electronic City in Bangalore (the campus that houses Infosys as well as several other software companies) to protest – although they were not liable to be directly affected by the new policy.

overcome this. The solution is not reservations in education or in employment. The solution is to make the disadvantaged people more competition worthy than they are today.

In a response to the government's movement legislating affirmative action practice in the private sector, the CII explicitly expresses its uneasiness towards any legislation in this issue and has explored proposals like setting up of scholarships, vocational institutes and self-help groups for them.

"Inclusiveness would ultimately be achieved through universal access to quality education....Private sector industry does not take into account caste identities in employment....Private sector industry is against any legislation that would compromise the sanctity of its non-negotiable freedom of choice in employment...."

'Unmeritorious' students in their view would further reduce the pool of 'employable' engineers. The standard argument is that reservations or affirmative action would adversely impact the industry's competitiveness (and hence its ability to provide more employment for India's youth). Instead, they argue that steps should be taken to make young people from rural areas and lower castes more competitive in the job market, especially by improving the quality of school education.

2) Alternative communities

Responding to other social problems such as urban chaos and poor urban infrastructure, as an alternative to community, some Indian companies have developed their own 'townships' to encourage empowerment, participation and self-determination. Infrastructure facilities like roads, water supply, drainage, garbage disposal, power and open spaces are provided in planned cities.

There is a link between the identification of a social problem, a vision of a better world and an organization's activities (Schwabensland 2006). "formulating answers to what the good life should be by painting narrative pictures is the practice of utopia...it possesses the capacity to de-naturalise the dominant reality by imaginatively transcending what are seen as current material limitations (Reedy 2001)."

In this sense founders' stories, as the founders' answers to what the good life should be, are stories about utopias. Exploring the content of founding stories can give us insights into how these different utopias are imagined. Below is the founding story of Tata Group which includes visions of an ideal township:

In 1902, the son of group founder Jamsetji Nusserwanji Tata wrote a letter to his son about building a workers' city around his Tata Steel works: "Be sure to lay wide streets planted with shady trees, every other of a quick-growing variety. Be sure that there is plenty of space for lawns and gardens." After his death in 1904, the city took his name, becoming Jamshedpur. Today Jamshedpur, with free housing, free hospitals and free schools, sports stadiums and clean streets, remains the envy of the country. In 2004, the U.N. chose it—along with Melbourne and San Francisco—as one of six examples of urban-planning excellence. (Tata Steel)

In the years of Nehruvian socialism, the state took the initiative to build townships. For instance, in the public sector unit of the heavy engineering industry, it was quite common that it not only sets up a township around the plant, but that it also establish a school, a hospital and several other civic facilities for its employees and those that live in that area. Township building was encouraged by the government in the early years of Indian independence, as problems of housing and basic public infrastructure had become a major crisis. In 1957, Mr. Y. B. Chavan, the then Chief Minister of Bombay, emphasized the need "to build industrial colonies in order to solve one of Bombay's acutest problems – housing' and hoped for initiative on the part of private sector.

Much before Mr. Y. B. Chavan reiterated the need of industrially sponsored housing in Bombay, Pirojsha Godrej, the late chairman of the Godrej group of companies, dreamt of the industrial township at Vikhroli. Deeply concerned with the problem of industrial slums and their subsequent degradation, he decided to remedy the situation by building sanitary houses at subsidized, low rents for the workers. Mr. Thanewalla remembered:

"One of his (Pirojsha's) workers was sick one day and so he went to see him. And when he saw where his 'Mistry' stayed, he decided to build (decent) houses for them in Vikhroli."

Vikhroli was envisaged to be a new modern garden township created to keep the 'welfare' of workmen in mind. The construction of the giant factories and housing were executed along with land development and landscaping, including quarrying and drainage. By 1953, 90 tenements were ready along with two factory sheds.

Meena Nemivant, an Industrial Times reporter wrote in 1977:

"I can vividly recollect the first pleasant impression as I entered the precincts of the Godrej Works. Imagine my surprise as my eyes traveled over the panoramic view of the plants and the housing colony and was rewarded by the soothing landscape in green – all shades of green from lush velvety green to deep burnt green to

mellow olive green. It was only sound of the machines that declared that this was a factory and not a huge nursery... Besides giving a touch of glory to the normally drab and dull factory atmosphere, the attention paid to the environment has also paid dividends by combating pollution and increasing worker productivity.” (Pathare and Sen 2007)

3) Alternative markets

The perceived failure of the market to create sustainable well being for everyone and eradicate poverty and social injustice has led to the creation of alternative economic models such as micro-credit and social enterprises (Schwabensland 2006). Mohammed Yunis is perhaps the most famous champion of what he calls ‘social business enterprises,’ enterprises that are based on market principles but dedicated to improving the lives of the poor.

This line of thinking has created a growing interest in social enterprise in India. SKS microfinance, Amul and SEWA are the best example of social enterprises in India. Social enterprises are often described as ‘business’ but the rhetoric surrounding these organizations is confused and contradictory, sometimes implying that this is a new (and progressive) model of organization on the basis of its income generating intentions and businesslike practices (Schwabensland 2006).

However, such alternative markets often are not well received in India. SKS microfinance faced opposition in some rural areas, triggered by extortionists and misguided community distrust (Akula 2008). The profit motive is often viewed as a sin among the masses. It is widely believed that India's business elite lacks ideological legitimacy in a society that traditionally views the profit motive and the quest for private gain as antisocial. It seems more likely that India's socialist economic legislation, by making normal economic calculations illegal, turned profit-seeking businesspeople into quasi-criminals.

Creating trusts and foundations, rather than alternative markets like social enterprises, is a favorite route of CSR practice by Indian companies (Arora and Puranik 2004). Like many other countries, the number of foundations in India has increased steadily in the last few decades. Many foundations have been established to provide a structure for a company's charitable giving. An estimated 100 corporate foundations are involved in CSR activities in India. However, such trusts and foundations largely work at an arm's length from the company, preventing the mainstreaming of CSR into the core business processes and limiting

CSR to community development only. Nearly all companies with CSR embedded in their core corporate activities do so because of a company tradition rather than a company strategy. This leads to ad hoc and largely CEO-driven CSR policy (Arora and Puranik 2004). A head of a leading corporate foundation said:

"We are moving toward a competency approach from a philanthropic mode, meaning that we use competencies and skills of companies to serve them better and more efficiently. We don't mean that we are selling customized products with our skills to the poor as is often discussed in contemporary CSR. I think that's a purely marketing strategy from the West perspective and it has little to do with poverty alleviation."

Although there is nothing morally objectionable to doing well while doing good, to help the stockholders while aiding other stakeholders, most companies say they shun publicity for fear of making their efforts appear insincere (Jones 1997). Some cynics argue that strategic CSR is self-serving and somehow impoverishes the notion of citizenship (Brenkert 1996).



PART III: PEOPLE-CENTRIC CSR

Although researchers have generally accepted the notion that CSP (Corporate

Social Performance) is multidimensional (Carroll 1991; Griffin & Mahon 1997) most CSR ratings have combined the various dimensions used to measure the construct into one aggregate measure (Griffin & Mahon 1997). However, as Griffin and Mahon noted, "Collapsing the KLD's multiple dimensions into a unidimensional index may mask the individual dimensions that are equally important and relevant".

Johnson and Greening (1999) suggest two, conceptually distinct, dimensions; (1) the people dimension, including community, women, minorities, and employee relations and (2) the product quality dimension, a product quality and environment dimension. In addition, another dimension can be adopted: (3) CSR activities influencing institutions directed at the state such as advocacy and campaigning work.

Applying this typology to the case of India, content analysis based on CSR reports reveals that most existing CSR programs in India have tended to focus on the people-centric dimension with active community participation at all levels. According to a survey (UN et.al 2004), 84 percent of the respondents said what CSR means to the company and what it focuses on is 'Corporate Community Involvement (CCI).'

If numbers and statistics are any indication, India currently is home to approximately 2 million NGOs, employing approximately 25 million people (if volunteers are also counted) with deep grassroots penetration. These NGOs work in diversified areas and engage with different stakeholders to promote, protect and advance a people-centric agenda (CII 2002). Further, the corporations themselves have moved away from charitable initiatives like financial grants or sponsorships to providing products and services in a manner that would make a *real* difference in the target communities.

"Everyone is aware that the strength of the country is its people,....One can't be part of the growth story by ignoring them. It will be a foolish thing to do." said Shefali Chaturvedi, the social development initiative director at the Confederation of Indian Industry.

1) CSR for the people: as a mechanism to achieve inclusive growth

Social issues are generally given more political, economic, and media emphasis in developing countries than environmental, ethical, or stakeholder issues (Schmidheiny 2006), which is evident from the majority of scholarly work in the field that focuses on the social theme. And there is also still a

strong emphasis on the philanthropic tradition in developing countries, especially with community development. India is not exceptional among developing nations in its focus on community development (Arora and Puranik 2004).

However, there are some country specific issues for India. India is a country with not only a rich heritage but also an enormous baggage from the past. It is a society that simultaneously lives with contrasts and contradictions, continuities and discontinuities and rides the waves of some of the most advanced technologies of the future. The Indian society has been agrarian for 2500 years, industrialized for about 50 to 100 years, and global for about 10 years. The population is diverse, multicultural and polarized.

India's economic growth, while consistently above 8% for the past decade, is not reaching all of its citizens. Not only is it not reaching most people from India's 7,00,000 villages, which Mahatma Gandhi called 'the true India,' but it is creating greater income disparity and a vast divide in the quality of life enjoyed by those included in the growth and those not yet touched by it. At the national summit on CSR 2008, industrialists argued that making CSR an integrated part

of each company's 'DNA' is the mechanism by which to achieve inclusive growth (CII 2008).

expressed in a recent speech by the Prime Minister, which we include in Box 1 below.

Imaginative constructions of the idea of society through a people-centric and inclusive CSR approach were explicitly

Ten Point Social Charter

By Manmohan Singh
May 25, 2007

Our better-off must understand the need to make our growth process more inclusive.

In a modern, democratic society, business must realise its wider social responsibility. The time has come for the better-off sections of our society to understand the need to make our growth process more inclusive—to eschew conspicuous consumption, to save more and waste less, to care for those who are less privileged, to be role models of probity, moderation and charity. Indian industry must, therefore, rise to the challenge of making our growth processes both efficient and inclusive. If those who are better off do not act in a more socially responsible manner, our growth process may be at risk, our polity may become anarchic and our society may get further divided.

I invite corporate India to be a partner in making ours a more humane and just society. We need a new Partnership for Inclusive Growth based on what I describe as a Ten Point Social Charter.

First: have healthy respect for your workers and invest in their welfare.

Two: corporate social responsibility must not be defined by tax planning strategies alone. Rather, it should be defined within the framework of a corporate philosophy which factors the needs of the community and the regions in which a corporate entity functions.

Three: industry must be proactive in offering employment to the less privileged, at all levels of the job ladder.

Four: resist excessive remuneration to promoters and senior executives and discourage conspicuous consumption.

Five: invest in people and in their skills.

Six: desist from non-competitive behaviour.

Seven: invest in environment-friendly technologies.

Eight: promote enterprise and innovation, within your firms and outside.

Nine: fight corruption at all levels.

Ten: promote socially responsible media and finance socially responsible advertising.

This is not an exhaustive list. You may wish to add to it, and adopt your own Social Charter for inclusive growth. The objective would be to encourage a culture of caring, sharing and belonging. We must end forever the debate whether our country's march of progress has benefited India and not Bharat. India is Bharat.

The Ten Point Social Charter for inclusive growth calls for affirmative action, workers' benefits, competitive business behaviour, concern for the environment, energy and materials conservation and operational transparency. The official Sanskrit name for India is Bharat, but Bharat refers to the vast peasantry and the working classes of the unorganised sector.

The underlying premise behind the Charter is that companies have a moral duty to give back to society, which entails that the primary motivation for corporate CSR is moral duty. This point is reiterated in a recent speech by the President of India, Pratibha Devisingh Patil, at the presentation of the Lucknow National Leadership Awards in New Delhi, February 2008:

".....Most importantly, Indian companies should fulfill their duty towards those who have less, those who are disadvantaged and those who have been inadvertently left behind in the race for development. Corporate entities cannot for long remain aloof from the society in which they

operate. They need to set up mechanisms to ensure that they give back to society by transforming the quality of life around them. It is only when you give back, in the form of educational institutions, healthcare,

social service or environmental protection that you will have shown visionary leadership and also have truly earned the real profit, that is the goodwill of society..."

Such deontological rationales in promoting CSR activities don't seem similar to the ones found in the following remark by Gordon Brown, Prime Minister of the U.K.:

"Today, corporate social responsibility goes far beyond the old philanthropy of the past – donating money to good causes at the end of the financial year – and is instead an all year round responsibility that companies accept for the environment around them, for the best working practices, for their engagement in their local communities and for their recognition that brand names depend not only on quality, price and uniqueness but on how, cumulatively, they interact with companies' workforce, community and environment. Now we need to move towards a challenging measure of corporate responsibility, where we judge results not just by the input but by its outcomes: the difference we make to the world in which we live, and the contribution we make to poverty reduction."

The above two speeches both are aiming to promote corporate involvement in CSR.

However, one is appealing from the moral (intrinsic) motive, meaning that CSR is a moral duty of companies towards society while the strategic (extrinsic) motive, which holds that CSR contributes to the financial success of the company in the long run, seems more resonant in the British Prime Minister's words.

2) CSR by the people: an internal locus of control

The fact that most existing CSR programs in India focus on the people-centric dimension with active community participation at all levels suggests that the power to change 'our lives and society', for Indians, is primarily located internally in individuals and groups (Ebrahim 2005). There is a strong culture of solidarity, consensus building and trust in Indian CSR programs, and an idea that many critical endeavors cannot be carried out by individuals alone. Much of the discourse surrounding CSR programs focuses on the involvement of employees as well as other beneficiaries. According to a recent survey on corporate social responsibility, nearly 77 % of the Indian companies reported corporate or employee volunteering although none had formal procedures in place. Dedicated departments in most organizations are looking into much more than just funding or getting involved in one-time projects.

While trusts, foundations and societies have been popular vehicles for philanthropic activities in India as well as in the West, it is the 'hands-on' philanthropy – keeping operational control of philanthropic activities – that is generally preferred by Indian

businesses. One difference with the West, therefore, is that there are not as many grant-giving foundations in India.



PART IV: SHIFTING CSR – NEW CHALLENGES and OPPORTUNITIES

New industries and new challenges

Although corporate social responsibility in India is and has been predominantly about practices that nourish people, community and cultural values, there has been a new shift in focus of CSR in some new industries such as Information Technology Enterprise Solutions (ITES) and Business Process Outsourcing (BPO), which have emerged from India's globalization. These industries' corporate rationality has different features than older industries, with attendant differences in their approach to CSR.

Breaking the conventional norms of the employer-employee relation, the IT sector has initiated and promoted a friendly and flat structure in corporate India. The work environment and employer-employee relations at all the leading firms is more relaxed and more flexible than the

traditional corporate culture, with first name identification, direct e-mails and performance driven packages all common. Though a strict hierarchy is still prevalent in the old economy sectors such as manufacturing, services and finance, seniority in sectors like ITES and BPO depends on performance.

For years, leading companies in India have focused on products, innovation, competition, process transformations and technology to gain a competitive edge. However, there is a distinct realization today that while these things all are still important, the key differentiator now is people. The growth of these new industries has made it necessary and inevitable that the new people recruited were professionally trained and qualified. These new people – capable, competent and professionally trained – have focused on meeting professional goals, climbing the corporate ladder, managing success, responding to complex situations, redefining their role in their company and adjusting to pushes and pulls from multiple systems (Parikh 2002). People are taken to be the most critical factor in achieving high economic performance, according to executives in these industries (Accenture 2007).

“India Inc.”, especially the new knowledge-based businesses, now faces considerable challenges – not the least of which is building and sustaining a workforce that can help it achieve high performance. While companies’ core functions have competed against multi-national corporations on a level playing field, human resource management has worsened due to a lack of change and stagnancy (Accenture 2007).

In addition, as Indian companies have begun to play in a global market, they are also under global pressure to improve environmental sustainability, and to act on climate change. Managing the environmental impact of growth is increasingly under the spotlight in India. A recent World Bank report has also identified environmental sustainability as the next great challenge that India faces along in its path to development. According to the report, only half of Indian industries monitored complied with government pollution standards. And these monitoring programs do not cover many small and medium enterprises, which are less able to afford clean technology and pollution controls.

Such evolving social demands for Indian companies have led to a shift in CSR in the new industries and some have already begun efforts to turn such challenges into opportunities. In particular, companies have focused on CSR as means of workforce development, and as a reason to become more environmentally responsible and efficient. Ansoff (1980) argues that social demands could present potential opportunities for the firms like the way that they convert external threats into opportunities by aggressive entrepreneurial management.

CSR as a strategy for workforce development

In addressing the workforce challenge, CSR is being partly converted into a strategic priority for workforce development. Working on community development projects is not seen as wasting company time or being in conflict with everyday corporate objectives, but more as a joint effort between the company and the employee. Decent salaries and a congenial work environment are no longer enough. The new people have a vision of a bigger world. They want to paint on a larger canvas. Their expectations are intense, their dreams are grand and their aspirations are unlimited (Parikh 2002).

According to a survey of Indian businesses (CSM 2001), a number of respondents specifically referred to training, and broadening society's awareness to the need for training, as a social responsibility of their company.

"We are trying to fulfill social responsibilities which in turn will help the weaker community of the society. In fact, it is acting as a leader in the HRD management. We feel that in India the need for training had not reached to the grass root level. We have to do a lot in this issue."

This trend seems to contrast with experiences in other countries. Responding to the question of where the CSR agenda has progressed so far in the U.K., one labor union representative said:

"Incorporating employment relationships within the CSR agenda has been slow. The voluntary concept of CSR has made it easier for corporations to be picky on which issues they focus on in CSR. Employment issues are often seen as an issue only for human resources and nothing to do with CSR."

1) Employability: Training

Several industries, including IT, have learned to overcome another major deficiency: India's education system. Just like private industry learned to adapt to India's weak infrastructure, Indian companies learned to adapt to the country's poor public education and the limited skills

of the poor. They have adapted and perfected western practices in workforce training and development, and now take workers with poor education and weak technical skills and turn them into highly productive technical specialists and managers able to compete on the world stage (Wadhwa et al 2008).

Companies have developed the ability to train people from scratch, with leading companies able to train tens of thousands of people at a time and bring them up to world standards (Newsweek 2008). Infosys has a new training institute that can train 13,500 people at a time. Engineering graduates get four months of mandatory boot-camp-like training, which means six days a week, 10 to 12 hours a day. And for a science graduate or an arts graduate, seven months of training are required.

There are few practices or programs that, taken on their own, could be considered innovative or unique. U.S. and European corporations have excelled in many of these functions for decades. The Indian innovation comes from: the scale of some programs; how they are integrated into day-to-day operations and into systems of career advancement and reward; how they apply technology to managing and

integrating education; and the executive-level decision making that comes from these programs (Wadhwa et al 2008).

Another company explained how they are fulfilling their social responsibility via training:

"Our company is engaged in various programmes on an ongoing basis, for the improvement of the socially backward and poor sections. We conduct training programmes for certain skills required in our business in our factory. Those showing good aptitude are absorbed in our company"

2) Diversity

In addressing the human resources challenge, diversity of gender, caste and age has become a high priority for many Indian companies. Women in particular have been identified by many companies as a wealth of under-used talent. Anecdotal evidence suggests that there are significant business benefits in the form of lower attrition, more loyalty, increased referrals and more mature expectations when you succeed in attracting and retaining more female employees.

India could lead in these HR practices, and many companies have worked to bolster recruitment of women. The proportion of MindTree's female recruits has increased from 17 percent in 2004 to 25 percent in

2007. One third of Infosys employees are now women. Accenture offers recruiters and referrers an incentive bonus for every female candidate they hire (Wadhwa et al 2008). More efforts to provide a congenial environment for female employees are being made as companies acknowledge benefits of having female workers. Flexible timings are a norm in the IT industry. Sabbaticals, paternity leave, flexible schedules, telecommuting, extended maternity leave and concierge services are a norm in most good companies.

Such increased choices in the form of CSR would give employees a sense of control and autonomy. Management scholars of human relations traditions such as Herzberg (1959) and Maslow (1954) have emphasized that people are not motivated merely by economic and security needs, but also by the need to grow and achieve various personal and social goals (Chua and Lyengar 2006). Together these practices will contribute significantly towards standards of working and living.

An international comparison presents a different rationale for diversity. In the case of the U.K., Parliament has passed an Equality Bill which is designed to ensure diversity at the workplace. However, new

research by the Chartered Institute of Personnel and Development suggests that most British businesses are embracing diversity not because they particularly want to, but because they fear being taken to court if they fail to do so. A financial recruitment specialist, Hewitson Walker, found that the majority of people working in the U.K. financial services sector felt that policies to promote diversity were little more than glorified PR stunts.

"Bias will continue, despite complex legislation, unless employers understand the benefits diversity can offer, and invest the resources required to drive change that will support improved business performance," Dianah Worman, CIPD diversity adviser added.

"While some organisations recognise business case arguments, such as improvements in the recruitment and retention of talent and improvements in people management practices, few organisations focus on the ways in which embedding diversity into other operational activities, such as marketing, can add value to business performance.....These are the very activities that could help organisations to mainstream diversity into organisational culture and improve business performance,"

Going green

In 2007, in a speech about global warming, Jairam Ramesh, then Minister of State for Power, asserted, "If India wants to be a global super power, it must also take on global super responsibilities".

Indian companies, especially in the new technological industries, have begun green efforts to help get ahead of global competitors, to increase awareness of social responsibility, and in anticipation of long term benefits. Even if a client is not looking for 'green IT' services per se, for IT companies, "it's a great market differentiator that may sway a potential client considering different vendors when all other factors are equal" (Overby 2007).

Despite the increasing awareness, Indian companies are claimed to be lagging behind in their effort to curb climate change. Indian companies focus more on developing environment-friendly products for customers instead of reducing waste generation, carbon dioxide emissions or using renewable energy, a global survey of companies found. According to the study, Indian companies, while focusing on producing a final product that is environment-friendly, have often ignored the production process. This is in sharp

contrast to countries such as US, Brazil, Italy, Germany and China, which focus more on the production process and consequently, on issues such as waste reduction.

"[U.S. providers] are a bit more attuned to what their customers are going to need before being asked," says Mark Kobayashi-Hillary, author of *Building a Future with BRICs: The Next Decade of Offshoring*. "I have talked to several of the Indian IT companies, even in the past six weeks or so, and found them totally puzzled by the green issue and why they would need to start considering it." Green technology has not gotten much media attention in India either, says neoIT's Kublanov. "I doubt that the Indian players are thinking seriously of incorporating green IT," he says.

However, some (albeit limited) companies have already been engaged in this issue. Infosys, India's leading IT company, conducted its first 'carbon footprint' analysis in 2007 and found that 49 percent of its energy demand came from air conditioning (Parikh 2008). Recognizing it could be much smarter, the company decided to work towards a new goal of 'carbon neutrality' with plans for green buildings, clean electricity purchases, and energy conservation measures within the company. In the future, they may soon see client business in this area as well (CSM 2008). Wipro, another top Indian IT firm, already offers renewable energy services to

customers and is currently developing a suite of IT-enabled solutions to assist clients around the world in achieving carbon neutrality (CSM 2008).

According to a study by the Brown Wilson Group on the outsourcing industry in general, "More than 21 percent of publicly traded companies that outsource have added 'green policies and performance' demands to their vendor contracts in 2007, and 94 percent plan on adding such clauses during renegotiations, 36 percent of private companies are now contemplating green policies for 2008 outsourcing contracts" (Brown 2007). As this trend continues, Infosys, Wipro, and other forward-thinking Indian IT firms will be strategically placed to take advantage of a good business opportunity as individuals and organizations all over the world seek to operate cleanly and effectively in a carbon-constrained market (CSM 2008).

A global enterprise survey by GreenFactor reveals that Indian firms scored better than 10 other countries in sensitivity to and support of green technology – using non-toxic materials, recycling, etc. The Wipro Technology Centre in Gurugram was rated one of Asia's most energy-efficient office buildings this year.

There's other anecdotal evidence that environmental awareness is increasing in India industry. The R.K. Pachauri-led IPCC team has received the Nobel Peace Prize, and there are other companies like Suzlon Energy and individuals, such as the glaciologist Dr. Dwarika Prasad Dobhal, who have been recognized at the global level. In addition to the global recognition of some individuals, overall clean tech investments are growing rapidly. Venture capital and private equity investment into India's green economy more than doubled between 2006 and 2007, according to a new study by the Cleantech Group.

Also, the report argues that India emerges as the study's leader in 'green' IT potential, as a higher percentage of respondents in that country expect to pay at least a five percent premium on 'green' IT or "definitely would" increase their preference for 'green' IT with proven ROI – or both. "Initially, it seems counter-intuitive that India would be 'number one,'" said Mr. Paul Walker, president of the GCI Group, "but this is a country experiencing a high-rate of IT investment and datacenter growth – coupled with 'brown outs.'"



PART V: CONCLUSION

Although the scope and underlying purpose of CSR as it is practiced everywhere still remains contentious, there is a growing consensus that CSR is highly contextual (Matten and Moon 2008; Chambers et. al 2003; Maignon, I and D Ralston 2002; Williams and Aguilera 2008)

Developing countries present dissimilar institutional, cultural and social contexts from the ones in developed countries. In different settings, there is much potential for varied tendencies and thus acceptable practices in developed countries might not be interpreted in the same way in a developing country. For instance, according to recent findings from TNS Automotive, the world's largest automotive research company, emerging markets such as Thailand, India, and China rate automotive companies higher in regards to corporate social responsibility than mature markets of the West. The study attributes this to the general public's high ratings of the automotive sector in emerging markets for generating jobs and improving quality of life. For mature markets, consumers rate the automotive sector poorly on job

generation and impact on the environment. Therefore, the strategies for corporations in improving their reputation for corporate social responsibility vary depending on market maturity.

The people-centric approach in CSR makes the CSR practices of Indian business unique, while India shares with other developing countries in its CSR experiences and practices certain attributes that come with the process of development, such as a distinct set of CSR agenda challenges and the deployment of CSR as an alternative to government (Matten and Moon 2008; Blowfield and Frynas 2005). Such an approach has led Indian companies to respond to some country-specific challenges such as lack of skilled labor and increased pressure to go green in a unique way. Given the immense challenges in India, some Indian companies have cultivated competencies to better deal with the challenges and understand the environment in which they are operating. A strong focus on people and community – including fostering inclusive growth, workforce development, diversity at workplace, training and a better community environment beyond money and fringe benefits – has brought some positive signals

of high retention rates and greater employee commitment.

The human factor is said to be essential for differentiation in a highly competitive market. In order to prosper and progress, corporations must internalize and act upon the new realities of economic, demographic, social and organizational changes. The competencies and workforce development strategies that Indian companies have employed as a part of their CSR to deal with the enormous challenges in India might provide them with confidence and familiarity, especially when they go global and compete with other multinationals which have faced relatively easier circumstances.

Third world multinationals often suffer from misperceptions about developing countries. There is an impression that the developing world is exclusively a theater of tragedy in which poverty and human misery figure prominently in almost every scene. This paper is not necessarily arguing that all the Indian companies have developed such attributes which could give them an edge over the West, but rather that some companies in developing nations might be able to offer some good practices which the West can borrow. Therefore, we need to be

careful in applying Western typologies of CSR to non-Western situations. The ways in which people interpret experience, define problems and shape solutions are likely to be profoundly influenced by the cultures in which they live. Examining a variety of contexts including indigenous CSR practices in developing countries would contribute to the existing research and make it less narrow. Practices from developing countries can be a source for more powerful generalizations in the field.

It is also worth remembering that in some cultures it is believed that doing good deeds in a discreet way is more desirable and rewarding than for publicity. Ratan N. Tata,

“We do not do it for propaganda. We do not do it for publicity. We do it for the satisfaction of having really achieved something worthwhile.”