AMBER

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Editorial

Delivery of very issue of AMBER is painful and equally enjoyable! The story is same with Volume 3 and Issue 1. Amber piggybacks on the theme every issue we choose. The Increased expectation, weighing different options, waiting with curiosity to see the printed version on hand is over. Readers, we are pleased to place this issue in your hand.

AMBER is like a tree, which gives different fruits at different seasons. Last season we had the 'fruits' entitled –Indian Business and Industry-An Historical Perspective, Earlier to that "NGO Management'. This time it is "Corporate Social Responsibility and Governance". It is not easy to select a theme. There was discussion, differences and debates. There were different recommendations when we froze on the broad theme. Some of the suggestions were Social Responsibility, Community Development, Corporate Conscience, Corporate citizenship, Social Performance, Corporate Self Regulation, Philanthropy, Sustainable Responsible Business, Corporate Governance and Corporate Social Responsibility. There was strong recommendation for Social Responsibility. Why only the 'Corporate' be responsible, why not NGOs, why not Governments, why not Cooperatives. We strongly agree with them who echoed these opinions. But at the end, as a compromise, we decided on Corporate Social Responsibility and Governance to convey the message to an ordinary reader.

The First article CSR Practices at NALCO by Sahoo highlights the CSR practices of Public Sector Enterprise and a 'Ratna'. This article highlights the perception of different stakeholders of NALCO on CSR. Article Corporate Social Responsibility- A Ray of Hope for The Farmers by Bhojanna and Raturi is unique and a rare effort. When the contribution of Agriculture to the national GDP is going down and when Farmers in general are in distress, it is a timely article. It supports for Corporate helping farmers to come out of distress as a CSR initiative. The article Mandating, Monitoring & Mentoring CSR by Giridharan rightly dwells as whether the CSR has to be voluntary or to be mandated through law. The article by Bose entitled Emerging Trends in Corporate Social Responsibility: Revolution at the Grass Root Levels does a surgical analysis of CSR practices of few selected corporate like Lipin India Ltd. Cipla, Ranbaxy, TCS, NIIT, BEL, Ion Exchange, SAP, Barclays, Sun Microsystems, IBM, HP and Microsoft. Kaushik analyses the role of Auditors in CSR in his article CSR-Challenges for Auditors & Changing Roles.

Students Corner is an exclusive section for students to contribute their articles. This time it is Rakesh and Ashraf. Hats off! They have done good job. They have thread bare analyzed the CSR initiatives of Infosys. We all know Infosys symbolizes the entrepreneurial capability of new generation educated Indians. Shivaprasad has analysed the CSR activities of V-Guard in the case study section. In Book Review section Praveen reviewed IS0 26000- GUIDANCE ON SOCIAL RESPONSIBILITY. The book vehemently proposes of Social Responsibility than CSR! Thanks to all the contributors. I appeal to all the contributors of our earlier issues and other academicians, Practitioners and Researchers to contribute article to AMBER. The theme for next issue of AMBER is **"Tourism: Growth Engine for India".**

Dr.H.R.Venkatesha

Chief Editor

CONTENTS

ISSUE THEME: Indian Business and Industry-An Historical Perspective

1 CSR PRACTICES AT NALCO

*Dr. Kshetra Mohan Sahoo

Abstract

Business may be understood as the organized efforts of enterprises to supply consumers with goods and services. Business depends on society for existence, sustenance and encouragement and has definite responsibility towards society, which is popularly known as social responsibility of business or Corporate Social Responsibility (CSR). A good number of research publications, opinions and views have enriched the field of CSR all over the world with varied approaches. The work of Michael E. Porter and Mark R. Kramer, proposed a new way to view the relationship between business and society that allows a business organization to make valuable contributions to society's welfare without sacrificing corporate success. Extending one type of benefits at one point of time may not be relevant for all time to come. So business organizations always have to redefine their social responsibility without causing any damage to the existing fabric of the society along with the ecological balance. Indian industry for many years has been doing community related work such as running free medical centers, rural development, educational activities and several other areas such as environment protection, population management and AIDS prevention programme etc. In the words of our Dr. Manmohan Singh, (while addressing at the Confederation of Indian Industry's Annual General Body meeting in May 2007) "Corporate Social Responsibility (CSR) is not an imported western notion. It is a part of our cultural heritage."

In this paper an attempt has been made to evaluate the on-going CSR initiatives undertaken by the National Aluminium Company (NALCO) Ltd., at its mining and refinery unit at Damanjodi, Koraput. Although lots of CSR works have been undertaken, yet a lot is also left to be undertaken. It is left to the leadership of the Nalcoas how to take new initiatives for untouched area of CSR keeping in view the goals and objectives of the organization to achieve competitive advantages in an open market and globalized economy.

INTRODUCTION AND BACKGROUND

Since 1991, the country has observed a dramatic shift in the needs of business and society in general. India right now is experiencing two very major dynamics of environment. On the one hand, the fast growing economy with booming national and multinational firms are creating enormous turbulence in the society. On the other hand, social challenges like poverty, population growth, illiteracy, corruption in public life requires urgent address from all stakeholders of the society. With this situation the yester year's philanthropic approach of business houses has been shifted to an agenda of corporate governance of the business organization. Thus the Corporate Social Responsibility (CSR) has been moved from a "nice-to-do" to "a-must-do" (Teller, 2006). Today the ranking of business houses as far as their performance is concerned is based on their

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corporate services to the community, society, and environment and to the disadvantaged group of the society. They have become the deciding factors of role of corporate houses as the corporate citizen. Thus corporations are increasingly required to apply CSR by balancing the economic, social and environmental dimensions of their operations whilst building shareholders value (Aswathappa, 2005). Business organizations in India started realizing it soon after introduction of Global Compact Programme, a partnership programme between UN, Business Community, ILO and NGOs in 1999 which re-enforced the concept of Corporate Social Responsibility, today CSR has become a part of business process world over, being supported by the World Bank, OECD and the European Commission (Baxi, 2005).

A preliminary look at the data available through several sources suggest that CSR initiatives in Indian industries are limited to the social development of the country, given its strong embedding in philanthropy and community participation. When many business organizations of Indian origin are becoming globally operative, it needs to be proactive in adopting CSR initiatives in order to attain a competitive advantage of strengthening the foundation for sustainable business in the global market. Indian literature is full of incidents when business houses have gone ahead of Government institutions in providing welfare facilities to the employees and the society (Example – Tata Steel). Gandhiji's philosophy of trusteeship is similar to CSR of modern business world, which was followed, by Tata and Birla ever since their inception. In the words of Dr. Manmohan Singh the prime minister of India, while addressing CII'S -AGM-2007, "CSR is not an imported western notion. It is a part of our cultural heritage ". He could not have been truer because CSR in India has come through distinct stages of development along with process of industrialization.

While value creation for shareholders is the raison d'etre for companies, there is an awareness today that profits are earned from society and since society itself is imbalanced in the benefits it enjoys, some part of this profit should be spent towards under privileged segments of the society. Experts point out that CSR cannot be calculated in statistics for the return on investment in short term, since getting involved in CSR is definitely a huge investment but there is no direct immediate benefit out of it. But it shows the way one organization is evolving (Mac Mohan 2006). So companies have to formulate unambiguous policies before making any false proclamations to the stake holder, investors, press, and the people who have big expectations (Chhabra, 2006). Because according to Kramer (2002) companies are not yet doing enough in CSR because they have not truly backed it into their core competitive strategies. Companies are competing on the basis of social responsibility-using it as an advantage, not just in a defensive manner. CSR creates dedicated workforce with high levels of self accomplishment people who take pride in themselves and their company. It encourages a spirit of voluntarism amongst colleagues and boost morale, builds self worth and fosters team spirit (Ramakrishna 2006). Similarly Lantos (2001) argues, given the ultimate responsibility of a corporation to its stake holders, strategic CSR financially benefits the business through serving society in extra economic ways.

LITERATURE OVERVIEW

A good number of research studies have enriched the field of CSR all over the world with varied approach so also in India.

1. C.V. Baxi and Ajit Prasad (2005) "Concept and cases, The Indian Experience". The project on case writing on CSR themes by the faculty of Business schools in India is a pioneer work, which provides a lot of inputs for further study and research. Evidence supports that business in India has been as a multidimensional entity, serving

greater societal interests and not narrowly focusing on maximizing profits for owners or shareholders. Increased integration of the markets of developing economies with the global economy, globalization has been one of the major drivers for CSR in India, as in several parts of the world.

It is for the first time that under the aegis of UNDP-CII-AICTE-MDI , the business schools in India participated in preparing cases from various industries focusing on the process and decision making content implicit in the introduction, implementation, and evaluation of various facets of corporate social responsibility. The cases are illustrative and they will help in identifying further area of research. The organization taken for this study included from diverse field of activities such as Excel Industries Ltd., Titan Industries Ltd., Times of India, Ballarpur Industries, Aviva Life Insurance Company India Pvt. Ltd., Wipro Corporation, KDT (Ayurvedic medicine manufacturer), Charka Palika Hospital (Waste Management), Polyhydon Pvt. Ltd. , Infosys Foundation, IFFCO (Chemical plant), Micro sign products and NTPC Ltd.

2. S. K. Agarwal – (2008)"CSR in India", the book is arguably the first comprehensive, well-researched book on the subject in India. The author uses Indian examples, case studies and CSR role models from the Indian industry to explain the gap between Indian business needs and current practices. Practices and researchers in economically developed countries have also been used extensively. As the Indian industry begins to enter international markets in big way, it is going to be imperative to integrate CSR with business goals for long term sustainability and healthy economic, social and environmental impact.

3. B. Arora and A. Puranik (2004):- The research finding of these authors in software industry on CSR in India concludes the fact that CSR in India seems to be in a confused state as individual companies define CSR in their own limited ways and context resulting in CSR being undertaken under the name of philanthropy and not preventing the main – streaming of CSR into the core business process and limiting CSR to community development only. Addressing the survey the need of the hour is to generate awareness and impart skills amongst corporate houses, government, and civil society, the importance of CSR as an effective tool for enabling an environment of equitable partnership between civil society and business.

OBJECTIVES AND SCOPE OF THE STUDY

The primary objectives of this study are to contribute to the research on the field of CSR in India, which has been identified as potential superpower of the world. The present study is undertaken keeping in view the following objectives:

1) The research intends to examine the ongoing practices in the NALCO and to identify the gaps that exist between policy and practice of CSR, and to

2) Suggest remedial measures based on primary and secondary data interpretation with statistical analysis to create a win–win situation for the company as well as for the growth and development of the society at large.

The scope of the study is confined to Mines and Refinery division of the NALCO located at Damanjori, Koraput, Orissa.

METHOD OF STUDY

Qualitative research is no doubt a multi method research where the researcher attempts to develop understanding of the phenomena under study. The whole study is based on data collected from primary and secondary sources. In case of secondary source of collection of data for which the official records, reports, circulars and new letters were referred. For the purpose of primary

source of data sampled employees were selected on the basis of random and purposive sampling to administer structured questionnaires relating to various aspect of CSR in the NALCO. Where ever possible statistical applications have been used before arriving at conclusions.

WORKING OF CSR PRACTICES AT NALCO

Incorporated in 1981, as a public sector enterprise, under Ministry of Mines, Government of India, the National Aluminium Company Limited (NALCO) is Asia's largest integrated alumina-aluminium complex, comprising 48,00,000tpa bauxite mining, 15,75,000tpa alumina refining, 3,45,000tpa aluminium smelting and 50,000tpa casting, 960MW power generation, rail and port facilities. Today Nalco has completed 28 glorious years of corporate excellence. With the technical collaboration of Pechiney of France, ISO 9001:2000 certification of quality management, registration of products at London Metal Exchange, environment care conforming to ISO 14001, low cost operations and international customer base, Nalco enjoys the status of a Five-Star Export House and a Mini Ratna company. In order to strengthen its market position, Nalco has started the Rs. 45,000 crore, the second phase expansion after the successful completion of the Rs.3700 crore first phase. What is more important is that without losing any time, the company has already made preparation for Rs.60,000 crore in third phase expansion.

Apart from exporting to more than 30 countries worldwide, its consistent track record in capacity utilization, technology absorption, quality assurance, exports performance and posting of profits, Nalco is a bright example of India's industrial capability.

For launching new projects abroad, the NALCO has already signed an MOU with Indonesian Government to set up a 5lakh tonne Smelter Plant and a 1250 MW Power Plant at an investment of Rs.14, 000 Crore. Besides, in Iran a

₹.3.10 lakh tonne smelter has been planned as a joint venture with ALPHA at an investment of Rs.8000 Crore. Nalco assigns high importance to promotion and maintenance of a pollution-free environment in all its activities. The Enviornment Management System in all production units confirms to the ISO 14001 norms. Among numerous recognitions, the two highest national awards viz. Indira Priyadarshini Vrikshamitra Puraskar for afforestation and Indira Gandhi Paryavaran Puraskar for envirnment management, conferred on the company by the Ministry of Environment & Forests, Government of India, bear further testimony to Nalco's commitment for the environment.

Corporate Social Responsibility (CSR) is Company's obligation to be accountable to all its stakeholders in all its operations and activities with the aim of achieving sustainable development not only in the economic dimensions but also in the social and environmental dimensions. Corporate Social Responsibility which is stated in the NALCO's Mission: "To achieve growth in business with a global competitive edge providing satisfaction to the customers, employees, share holders and community at large".

NALCO ACTIVITIES

As a responsible corporate citizen, the NALCO conducts its business in a socially responsible and ethical manner and it has developed sound policies, practices that addresses each of the following objectives: (1) To improve the living standards and quality of life of the Community through upliftment of economic status and community care. (2) To develop better infrastructural facility to cater to the social and economic needs in vicinity of the Community. (3) To establish sound environmental and safety policies. (4) To provide better health care and health education. (5) To promote sports and games. (6) To promote Arts, Crafts & Culture.

(7) To promote welfare measures. (8) To integrate Corporate Social Responsibility into supply chain of the Company. (9) To generate a responsible public image. (10) To minimize (making it zero) the negative and social environment impact resulting from its economic activities. (11) To generate a goodwill from the Government bodies. (12) To respond to the social issues promptly in order to overcome them quickly.

The NALCO's Corporate Social Responsibility, besides other obligations, encompasses the following elements:

Resettlement and Rehabilitation, Peripheral Development and Community Development, Pollution Control and Environmental measures, Health and Community Services, Education & Literacy, Promotion of Sports and Games, Promotion of Arts, Crafts and Culture and Relief Measures.

The NALCO has come to represent a better quality of life for communities residing in the vicinity of its plants and facilities. The company has comprehensively addressed the problems of rehabilitation of 635 displaced families with adequate compensation, housing and employment to 625 persons. Creation of infrastructure in the surrounding villages for communication, education, health care and drinking water gets priority in the periphery development plans of the company. Successful operations of the company have led to employment and income generation for the local people in many significant ways. Community participation in innovative farming, pisciculture, social forestry and sanitation programmes apart, encouragement to sports, art, culture and literature are all a part of the NALCO's deep involvement as a responsible corporate citizen. Apart from financial compensation, employment and re-habilitation packages, the NALCO has so far spent more than Rs.100 crore towards various social sector developmental activities. Successful operation of the company has led to employment and income generation for the local people significantly. ₹13.71crore has already been spent for distress and natural calamity.

The company has adopted a policy of playing a catalystic role in general improvement of quality of life of the people living in the peripheral villages. In this regard various steps have been taken in collaboration with local Govt. authorities. As a policy, Nalco has been allocating 1% of its net profit of the year for peripheral development activities of succeeding year.

SURVEY BASED ON PRIMARY DATA

In order to verify the information available on the working of CSR in the NALCO Damanjodi Complex through secondary sources, a survey was made taking samples of 55 executives, 120 non executives and 35 community members to elicit their views on different aspects of ongoing CSR initiatives. Three sets of structured questionnaires prepared for this purpose were administered, data analyzed, interpreted and conclusion was drawn. The result of the survey is presented below:

A. Perceptions Of Executives On CSR

The questionnaires used here are prepared by the European Commission, down loaded from Internet. 55 respondents selected on the basis of purposive and random sampling are qualified graduates and with 5 -10 years of service experience in age group of 30-45 years. Although a five point scale was used initially, but later changed as response available on two points.

1. Workplace policies

Table No. 1(a) Response of Executives on work place policies. (N=55)

SI. No	Areas of activity	Response in percentage		
		Yes	No	NR
I	Encourage employees to acquire new skills	85	05	10
II	Steps against all types of discriminations	87	07	06
III	Consultation with employees	69	24	07
IV	Adequate health, safety, welfare schemes	98	0	02
V	Provide good work life balance	51	47	02

NR: No Response

Good workplace policy helps to build effective internal partnership between employer and employees. Here all five aspects except work life balance facility, were favoured by the most of the respondents i.e. 78 percent average. As it is a manufacturing and mining industry, it is quiet difficult to balance work flexibility. Practice of quality circles with good facilities motivated employees to work hard for the benefit of both and to build a good reputation for the company. Consultation with employees on business matters needs more attention as felt by number of executives.

2. Environmental policies

Like land, water and raw material, nowadays much importance on environmental management is felt everywhere. The environmental policy in all respects is quite advanced in order to minimize environmental degradation. Except transport options, most respondents i.e more than 77 percent (average), were in favor of the action of the management on environment. No doubt efficient use of energy, prevention of pollution- land, water or air, and waste minimization makes financial source and image building by reducing negative impact of environment felt by the respondents.

Table No. 1(b) Responses of Executives on Environmental policies (N=55)

SI. No	Areas of activity	Response in percentage		
		Yes	No	NR
i	Reduction of environmental impact			
a	Energy conservation	79	14	07
b	Waste minimization and re-cycling	71	19	10
c	Pollution Prevention	73	18	09
d	Protection of natural environment	69	23	08
e	Sustainable transport options	55	39	06
ii	Savings on reducing environmental impact	67	29	04
iii	Supply of clear and accurate environmental information	88	08	04
iv	Advantage of sustainability of products	89	07	04
v	Potential environmental impact on new product	83	07	10

3. Marketplace Policies.

Table No. 1(c) Responses of Executives on Market place policies (N=55)

Sl. No	Areas of activity	Response in percentage		
		Yes	No	NR
i	Honesty and quality in all dealings	91	04	05
ii	Accurate information on product and services	95	01	04
iii	Timely payment of suppliers invoices	87	06	07
iv	Feedback, consultation, dialogue with business partners	84	14	02
v	Timely resolution of complaints	79	11	10

Business organisation is no doubt a human organisation and depends on both external and internal relationship for sustenance. This was felt by the majority i.e. 87 percent (average) respondents. Relationship with customers, suppliers and local organisation in-respect honest business deals helps to achieve competitive advantages and maintain ethical business practices- realised by the respondents, as this reputation is crucial to ensure success in the market place.

4. Community Policies

No doubt healthy and profitable business and well being of the community around it, are inter-dependent. So, almost 84 percent (average) respondents favored all aspects on community development policies of the management. Goodwill enhances company reputation and attracts talented human resources to the organization. The NALCO in all respects fulfills all these through its community and peripheral activities. 'Puraba' an annual tribal festival which is financed by the management and the employees voluntarily participate in it. Tackling social issues such as crime prevention, population control or unemployment in the local area need more attention to combat Naxalite activities suggested by the respondents.

Table No. 1(d) Responses of Executives on Community policies (N=55)

Sl. No	Areas of activity	Response in percentage		
		Yes	No	NR
i	Training opportunity to local community	89	02	09
ii	Dialogue with local community on controversial issues	93	00	07
iii	Using local goods and services	79	17	04
iv	Encouragement to participate in local community activity	69	19	02
v	Financial support to local community activity	89	09	02

NR: No Response

5. Company values

Table No. 1(e) Responses of Executives on Company values (N=55)

Sl. No	Areas of activity	Response in percentage		
		Yes	No	NR
i	Defining organization values and rules of conduct	98	00	02
ii	Communicating values and rules of conduct to business partners	94	00	06
iii	Creating awareness among employees on organization's value system	89	02	09

NR: No Response

This was selected on a random sampling method in order to know their perception on the ongoing CSR activities in the NALCO. Mostly the non executives were selected for this purpose in the age group of 30-45 years with 5 to 10 years service experience in the organization. As far as educational qualifications are concerned technicians with the ITI and diploma holders and non technical up to graduation level are included. Their perceptions were measured on a five point scale in order to know the degree of knowledge with respect to different activities of CSR.

Table No. 2 - Satisfaction of Non Executive Employees on CSR initiative (N=120)

Sl. No	Perception about	Mean	Standard deviation
1.	Working conditions	3.45	0.998
2.	Labour standard and norms	3.23	1.161
3.	Wage structures	3.54	1.895
4.	Promotion and Transfer Policy	3.59	1.301
5.	Training and education for workers	3.59	1.299
6.	Engagement to enhance special Skills	3.80	0.981
7.	Grievance handling practices	3.40	1.131
8.	Son of the soil policy	2.50	1.052
9.	Health, safety and welfare facilities	3.57	1.071
10.	Action against discriminations	2.59	0.950
11.	Fear of NGOs Campaign	2.51	0.830
12.	Segmenting relevant CSR issues	2.91	1.050
13.	Integration of business strategy with CSR	3.64	0.930
14.	Use of CSR for brand making	3.80	0.918
15.	Forging partnerships between business and society through CSR	3.80	0.981
16.	CSR helps to improve financial status	3.91	0.855
17.	CSR initiative a tool for competitive advantage	3.91	0.855
18.	NALCO fulfills it's social obligation	3.80	0.996

*Scale- Strongly disagree-1, Disagree-2, Neither agree nor disagree-3, Agree-4, Strongly agree-5

A total of 18 questions relating to various aspects were asked to the non-executive employees.

Their mean responses with standard deviations are presented in the Table No.2. On 13 items the mean responses are more than 3.5 or nearer to 4, which means employees are satisfied with facilities or practices of CSR in the organization. Low responses are available in case of non- implementation of son of the soil policy, no effective actions against discrimination in employment and recruitment, segmenting CSR activities, propaganda of NGOs and non effective working of the grievance handling practices as told by some of the respondents. But over and above the NALCO takes care of its employees better than any organization in the state. Recently introduced NEFAR (Nalco Employees Family Assistance Rehabilitations Scheme) will help the members of the superannuated employees family to overcome financial problems on a long term basis, as experienced by sizeable non-executive respondents.

B. Perceptions of beneficiaries towards peripheral development

The company has adopted a policy of playing a catalytic role in general improvement of quality of life of the people living in the peripheral villages and has received number of awards in this respect. In this regard various steps have been taken in collaboration with local government authorities.

To measure the satisfaction level of the beneficiary in total 15 questions were asked to 35 persons selected on random basis and their views in form of main score with standard deviation are presented in the table No-3. A five-point scale was used to their perceptions.

Table No. 3 - Satisfaction of Community members towards peripheral developmental work.

Sl. No	Area of Activities	Mean Responses	Standard deviation
1.	Satisfaction with the developmental work	4.60	1.019
2.	Applying son of the soil policy	1.99	0.89
3.	Successful rehabilitation of LDPs	3.38	0.99
4.	Generation of employment	3.80	1.00
5.	Supporting the national scheme for SC/ST	2.49	1.80
6.	Contribution to present Cultural activities	3.80	0.85
7.	Promotion of small scale industries	2.30	0.99
8.	Problems created by waste disposals	2.74	1.12
9.	Conservation of scarce resources	2.83	0.98
10.	Environmental Pollutions	3.49	0.95
11.	Projected handed over to district administration	4.90	0.74
12.	Rehabilitation of displaced persons	3.40	0.92
13.	Contribution to build better society	2.40	1.00
14.	NALCO Contribution to the society	3.50	0.93
15.	Proper utilization of facilities by the public in the community	3.30	0.92

*Scale- Strongly disagree-1, Disagree-2, Neither agree nor disagree-3, Agree-4, strongly agree–5

Nine areas of peripheral development work, out of 15 were appreciated by members of the Community. The NALCO is taking appropriate steps to prevent environmental degradation. Waste disposal and conservation of scarce resources are not properly taken by the management as told by the majority public. So also no steps are taken to establish small scale industry in the locality to generate employment along with implementation of special scheme for tribal development with son of the soil policy.

Disposal of caustic soda is creating problem and the land fertility rate is reducing gradually is being complained by a number of respondents. Community people are satisfied with developmental work of the NALCO but they want more on different accounts such as pucca road, electricity and water supply to nearby villages around mines.

CONCLUSIONS

From the ongoing discussions, the NALCO Damajodi Unit has successfully implemented it's social obligation responsibility by improving financial performance and creating its favorable image in the minds of various stake holders by integrating CSR with business strategy to have competitive advantages in the free-market economy. This proves the objective of the present study to a great extent. Employees are well compensated and looked after by the company through establishing effective internal relationship leading to high moral and motivation.

Similarly the local communities also expressed their satisfaction but demanded more employee generating schemes with more scope to the son of the soil policy be taken up by the management. Funds for peripheral development of villages be directly given to the local Panchayat as demanded by sizeable respondents. Development of small scale industry should be established in their locality to generate employment. More

number of villages located in inaccessible areas in the basement of mines are to be connected with all weather roads and electricity.

SUGGESTIONS

To make the CSR scheme more successful the following suggestions may be taken up by the management:

1. Local people should be given more educational and training facility with new employment opportunity.

2. Small Scale labour intensive industries be promoted with the help of the NALCO authority.

3. Awareness on population control and increasing literacy levels be taken up vigorously.

4. Maintenance of services provided under peripheral schemes should be taken up by the NALCO itself not by the state administration.

5. More developmental work within 10-15 K.M. radius of the plant be taken up in order to discourage Naxalite activities.

6. The State Government should also take infrastructural development work on a priority basis in order to meet basic requirement of the tribal community.

7. The NALCO authority should open one independent department with CSR trained personnel to deal with day to day issues and future plans.

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2 "CORPORATE SOCIAL RESPONSIBILITY" – A RAY OF HOPE FOR THE FARMERS

* Dr U. Bhojanna
** Mrs. Geeta Raturi

ABSTRACT

The farmer suicide graph has been steadily rising in India. With limited resources, farmers depend on borrowed money to purchase seeds and other inputs and to cultivate their land. A crop failure, an unexpected health expense or the marriage of a daughter are perilous to the livelihood of these farmers. Corporate Social Responsibility (CSR) is the only way out in the present scenario to motivate the dejected small & marginal farmers. Companies can be socially conscious and responsible and become the change agents. An accountability model is a must. It makes the government, private companies and the associated NGOs more responsible. Socially conscious individuals having high disposable income can contribute and advocate social sustainability. Corporate Social Responsibility can be complemented by personal social responsibility. Social Advocacy by the affluent and well to do people can bring relief to poor farmers and their immediate families. A triad between government, private companies and local NGO can be formed to effectively implement the CSR. It can do wonders for the farmers and bring back life in them.

Keywords: *Corporate Social Responsibility (CSR), Personal Social Responsibility (PSR), Accountability, Social sustainability.*

INTRODUCTION

The suicide rate for farmers has been on the rise over the last decade. Suicide has spread like an epidemic among the distraught farmers. Some alarming revelations have surfaced from a new study. A record of 2.5 lakh farmers have committed suicide in India since 1995[1]. Many farmers have committed suicide by drinking the very pesticides that no longer work on their crops. Andhra Pradesh, Karnataka, Madhya Pradesh and Chhattisgarh are hit hard, with two third of farmer suicides being reported from these states. The despair has deepened over the past few years with 18 of the 28 states reporting more suicides. The farmer suicide graph has been steadily rising.

While the prices of crops have been pushed down often even below the cost of production, the prices of inputs such as seed, fertilizers and pesticides have gone up. With limited resources, farmers depend on borrowed money to purchase seeds and other inputs and to cultivate their land. A drop in their farm income quickly leads to farmers owing more than they own. A crop failure, an unexpected health expense or the marriage of a daughter are perilous to the livelihood of these farmers.

The problem cannot be solved through economic packages alone by the government. There is a dire need for complete social, political & corporate intervention by the government agencies, corporate houses, NGOs and individuals so that the farmers realize that suicide is not the

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way out.

ADDING MISERIES FOR THE FARMERS - REASONS FOR SUICIDE

Small Land Holdings

Small and marginal farmers are the biggest chunk of farmers' population in India. Farming households earning less than Rs 32,500 per year and those with land holdings less than five acres have been defined as small and marginal by the National Sample Survey. Small size of the land does not give them enough yields to sustain their families and purchase the latest high yielding seeds for the next crop.

Natural Calamities

The farmer's life is full of uncertainties. Farmers mostly depend on monsoons for agriculture/farming. Climate changes in recent years have added miseries for them. The abnormal behavior of monsoon has caused natural disasters such as scarcity conditions or drought, floods, cyclones, etc. The farmers are not economically sound. The low yield of crops means reduced income and difficulty in meeting the necessities of life as well as inputs for the next season. These natural calamities make their lives more stressful.

Uneven Distribution of Rainfall

Majority of Indian farmers completely rely on the rain gods for irrigation of their crop. Rainfall over the years has become irregular. Even though the average rainfall may be just 3% less but there has been uneven distribution of rainfall. Some areas have got more than the average rainfall where as in other areas it remained dry. The agricultural state of Chattisgarh was hit by falling water levels. "The water level has gone down below 250 feet there. It used to be at 40 feet a few years ago". Due to lack of irrigation facilities the farmers lose huge amount of produce every year.

Money lenders

According to a survey small farmers use informal channels to get loans. Almost 36% of Small and marginal farmers take loans from the local money lender and another 34-35% take loans from their friends and relatives. Being uneducated, these farmers are easily lured by the local money lenders. They charge as much as 20% interest for a four month loan.

Bank Loans

Almost 75% of the farmers' population in India is small and marginal farmers2. They borrow either from the local money lenders or their friends and relatives. Government polices to waive the farmers bank loans does not benefit these marginal and small.

Inadequate Government Insurance Policies

Insurance schemes like Pilot Crop Insurance Scheme (PCIS) started in 1979, Experimental Crop Insurance Scheme (ECIS), Comprehensive Crop Insurance Scheme (CCIS) in April 1995 and Sookha Suraksha Kavack (Drought Risk Insurance) have been implemented with the help of state governments and the central government. These initiatives were not long term in nature and the benefits could not be reached to all the farmers. Due to financial difficulties they were discontinued at some point of time.

Four crop insurance schemes Viz, the National Agricultural Insurance Scheme (NAIS), Modified NAIS (MNAIS), Pilot Weather Based Crop Insurance Scheme (WBCIS), Pilot Coconut Palm Insurance Scheme (CPIS) are under implementation in the country for the financial year 2011. The private insurance companies can come forward and work out the sustainability of these insurance schemes in the long run.

Sense of Loss

Repeated sense of hopelessness, loss of crops, loss of land, and loss of income makes them feel alone and lead to depression and other mental illnesses.

Loan in Lieu of Land

Small farmers do not have any savings. The concept of banks and savings are still sinking in. To get loans farmers often sign away the title of their land as collateral. There is no one reason but number of variables for the rising suicides among farmers. The vicious circle of poverty makes him helpless and demoralized, and when even this last source of income i.e. land goes in the hands of money lenders or banks; the farmers have no other option but to end their lives.

THE FUTURE

The role of the agriculture sector, remains critical as it contribute just a meager 14% to the GDP but accounts for about 58 per cent of employment in the country (as per 2001 census). It has come down from 23% to 14 % over the years. The day is not far, if we do not think about our bread producers we may have to completely depend on imports from other nations for food. Till now farmers have been at the mercy of the almighty. Today if some steps are not taken on war footing, even the God may not help us. The consequences we are facing right now in food inflation could lead to civil wars, famine and complete failure of law and order.

WHAT IS THE WAY OUT? - CORPORATE SOCIAL RESPONSIBILITY

Following strong business reforms, the country's economic growth has progressed at a rapid pace leading to a big leap in the incomes and standard of living of people. The manufacturing and service sectors are growing and contributing significantly to the Indian economy. The corporate houses and NGOs can help in filling the gap which the government has left towards the welfare of the despaired farmers.

CSR in India is in a very nascent stage. It is still one of the least understood initiatives in the Indian development sector. "The government has not made it compulsory for every company to have a policy for CSR, but it would be mandatory on the part of public enterprises to spend their 2% of net profits into CSR activities".

Business organisations today, apart from being economic entities are also considered to be social institutions. Corporate Social Responsibility (CSR), also called corporate conscience, corporate citizenship etc, adopted by the corporate business houses is the only ray of hope for our bread producers to regain their confidence. It is the only way out in the present scenario to motivate the dejected small & marginal farmers. Well rather CSR can only prove that the big can hold the small and nurture it and help it to grow strong and healthy. The long term perspective should be food security and self sufficiency for everybody.

The objectives of CSR are to embrace responsibility for the company's actions and encourage a positive impact through its activities on its employees, environment, consumers, communities, stakeholders and society at large. Company's vision should be of sustainable development and play the role as a socially and ethically responsible corporate citizen. Companies should be socially conscious and responsible and need to be the change agents. They can play a meaningful role in the society with their active involvement.

It is up to the corporate to decide which approach they would like to adopt, the philanthropic approach or to align CSR with its business strategy. The companies can align their core businesses to the CSR activities. A favorable

corporate reputation can enhance a company's competitive standing and financial performance. However, the misalignment between business and CSR strategies can result in decisions that harm its hard-earned reputation.

Already few companies have CSR teams dedicatedly working for various projects for the welfare of the people. According to statistics among the top 500 largest Indian Companies only 12 Indian companies have attained level 4 in CSR4 contributions namely: Ballarpur Industries, HDFC, Infosys Technologies, Wipro, Jubiliant Organosys, Kansai Nerolac, Larsen & Turbo, Mahindra & Mahindra, Moser Bear, TCS, Tata Steel & Titan Industries which accredits that they spend 0.2% of their sales on CSR activities. Number of companies practicing CSR at level 3 and below has stagnated. It is important that more number of companies should fulfill their social responsibilities.

An accountability model is a must. It not only monitors the progress but also brings in transparency and trust among the agencies involved. It makes the government, private companies and the associated NGOs more responsible. It helps to find the grass root problems of the farmers and solutions to it can be discussed and implemented effectively.

Personal Social Responsibility

Our country has undergone a fast pace of economic development in the last decade. Income levels of people have risen drastically. Socially conscious individuals having high disposable income can contribute and advocate social sustainability. The joy of giving week is one such initiative to make people think and share their wealth with the less privileged. More number of such special days should be celebrated. The aim of such celebrations should be to make the masses aware about such programmes. Media with the help of celebrities and real life heroes can create constant reinforcement by arousing the feeling of individuals to share and give.

Companies like TATA have initiated various social welfare programmes in villages and towns near to their operations. On similar lines individuals can start with the immediate surroundings i.e. where they stay or work. Social sites can bring likeminded people together for a cause. One cannot expect drastic turnaround in people's attitude, but a gradual shift in thinking and small actions towards the goal can make the difference in the society. Educated people from the villages can take up the mission to educate the illiterate farmers about latest government policies, bank norms, insurance schemes and latest techniques in agro farming.

We can create a revolution in the minds of the people with the following:

• Create social consciousness among individuals since childhood. The seed can be sown in schools. The curriculum should include activities related to giving and sharing with the less privileged children.

• Social Advocacy by the affluent and well to do people. Corporate tycoons, CEOs can show keen interest in upliftment of the society. It will have a viral effect; more people below in the hierarchy will be motivated to join them. Support from friends, family, local communities, government policies and society as a whole, can reduce the stress on farmers and its families.

CSR INITIATIVES FOR SAVING THE FARMERS

Crop Insurance

Crop insurance is a financial mechanism to minimize the impact of loss in farm income by factoring in a large number of uncertainties which affect the crop yields. It is a technique where losses

suffered by few are met from funds accumulated through small contributions made by many who are exposed to similar risk. Crop insurance is a means to protecting the cultivators against financial loss on account of anticipated crop-loss arising out of practically all natural factors beyond their control such as natural fire, weather, floods, pests, diseases etc. Homogeneous area approach can be chosen for risk assessment by the insurance companies. Homogeneous crop area is taken as a unit for assessment of yield and payment of indemnity. Companies into insurance can extend their hands to the weak farmers. Private insurance companies can pledge a percentage of their net worth towards the crop insurance.

Chinese Model to Reduce the Effect of Droughts and Floods

The government needs to deal with flood and drought prevention and management in a big way. The country usually enjoys bountiful rains in the monsoon season, but its distribution remains erratic, leading to huge economic loss. There is a need to deploy the latest scientific technologies to deal with such emerging situations. China undertakes cloud seeding projects to prevent the possibility of droughts in the crucial agriculture season. China has also demonstrated its capability to disperse rain clouds to prevent excess rains and floods. Companies can support the farmers with such latest technology and improve the production. It can considerably reduce the losses due to excessive or less rainfall.

Co-operative Farming

After the success of dairy cooperatives for e.g. Amul India, lessons can be learnt and cooperative farming could be initiated. The stake holders can be the owners of the farmland, local NGOs and the companies involved. Cooperative farming envisaged and started in Andhra Pradesh can be implemented in other states too.

Cooperative farming not only brings farmers together to cultivate their land but also gives a sense of togetherness. It improves the farmer's physical strength and also keeps them mentally strong. Proper resource allocation and planning can bring a revolution in farming. CSR Companies and NGOs can involve by educating the farmers about the benefits of cooperative farming. Companies can distribute high yielding seeds and various latest tools so as to get high returns in agriculture. A profit sharing business model could be made and implemented.

Soft Loans & Easy Loans

Soft loans are loans with a below-market rate of interest. This is also known as soft financing. Sometimes soft loans provide other concessions to borrowers, such as long repayment periods or interest holidays. Soft loans are usually provided by governments to projects they think are worthwhile. The World Bank and other development institutions can sanction soft loans to developing countries for the development of drought hit areas. On the other hand nationalized banks and private banks can make it easier for the farmers to take loans. The banks with the help of its employees and local NGOs can make the farmers aware and educate them about the facilities available through these financial institutions.

Rain Water Harvesting

Sustainable methods for managing water in agriculture should be worked out. In agriculture rainwater harvesting has demonstrated the potential of doubling food production compared to the 10% increase from irrigation. It is found that rainwater harvesting can be efficient as a complementary and viable alternative for small farmers in dry areas. Rain water harvesting is solely a local intervention. Companies with sound and innovative technologies can hold consultation with local NGOs for better water management

systems. The CSR members (government, companies & local NGOs) should establish policies and cost sharing strategies, (including subsides) to be provided together with technical know-how and capacity building. The same should be shared with the village folks and their participation should be encouraged.

Knowledge Partners

Organisations are having an ocean of knowledge in the form of its human resource. All the organisations need not be investing their funds for the CSR programmes. Some can contribute positively by sharing their knowledge and innovations in agribusiness for the benefit of farmers.

Education and Training

Counseling and education would immensely help farmers overcome this dire situation. Government's initiative for night schools for villagers can be started again with night meals as an incentive. Farmers after the day's work can directly go for classes. CSR members can train frontline executives who go into the field, to educate the farmers in each village. They can conduct awareness campaigns, special advanced education camps, and symposiums on environmental changes. CSR can bring all inclusive growth in agriculture if the CSR members help the farmers with new innovative techniques in farming to improve their productivity. Farmers can grow confident with education. It is important to make the farmers aware about their rights too.

FDI Investment in Cold Chains and Warehouses

Almost 40% of fresh fruits and vegetables are wasted due to inadequate cold chains and warehouses. The supply chains can be improved by bringing in certain strong foreign policies. The FDI investing in India can be given approval if they are investing in infrastructure development in rural areas.

EFFECTIVE IMPLEMENTATION OF CSR

Top management of companies and self motivated individuals should take the first step towards implementing CSR. The plans and policies framed by the top management and their vision to serve the society will motivate the employees to come forward and engage themselves in these activities. Following steps could constructively help in implementing CSR by organisations and individuals.

Public Policy

Government can formulate a strong public policy which motivates the private sectors to implement CSR. Companies can be given tax rebate on the money invested in CSR activities. Various incentives can be given by the government if the companies and its employees engage themselves for the benefit of the farmers.

Company's Front Liners on the Job

Most large corporations implement their social projects through a corporate contributions office or a corporate foundation, which tend to be isolated from line-management and business decisions. The responsibility of these departments is given to people who may be least influential or executives who are about to retire or fundraisers recruited from NGOs (Himmelstein, 1997). The company's frontline managers in marketing, manufacturing, operations, and other line-management functions are rarely involved in CSR programs. The front line executives can be engaged in CSR activities along with their normal business activity. It can bring in a deeper insight about the problems of the poor farmers due to face to face interactions.

Funds to Focus on a few Projects

The organisations have spread their wings by contributing in different areas of the society with number of projects at a time. Adequate finance, manpower and focused strategy are usually missing in most of the projects. The companies do make contributions and allocate some budget towards these NGOs and charitable institutions but they are very limited and there is no sense of accountability about the utilization of those funds. Companies can focus on a few projects and allocate their funds so that the projects can achieve its goals quickly.

Accountability and Responsibility Model

An accountability and responsibility triad can be formed. An agency comprising of NGOs, corporate houses, states and central government representatives can be formed. The triad can be expanded with different companies and NGOs who are like minded and having the same mission to form a network and help each other with their views, expertise and technology etc. Use of internet will help the CSR members to know what programmes are being run in different parts of the country. It will bring greater transparency in CSR activities. The funds invested can be tracked and the associated CSR members can be held responsible for their respective projects. Accountability makes the CSR members more responsible and the project implementation more effective.
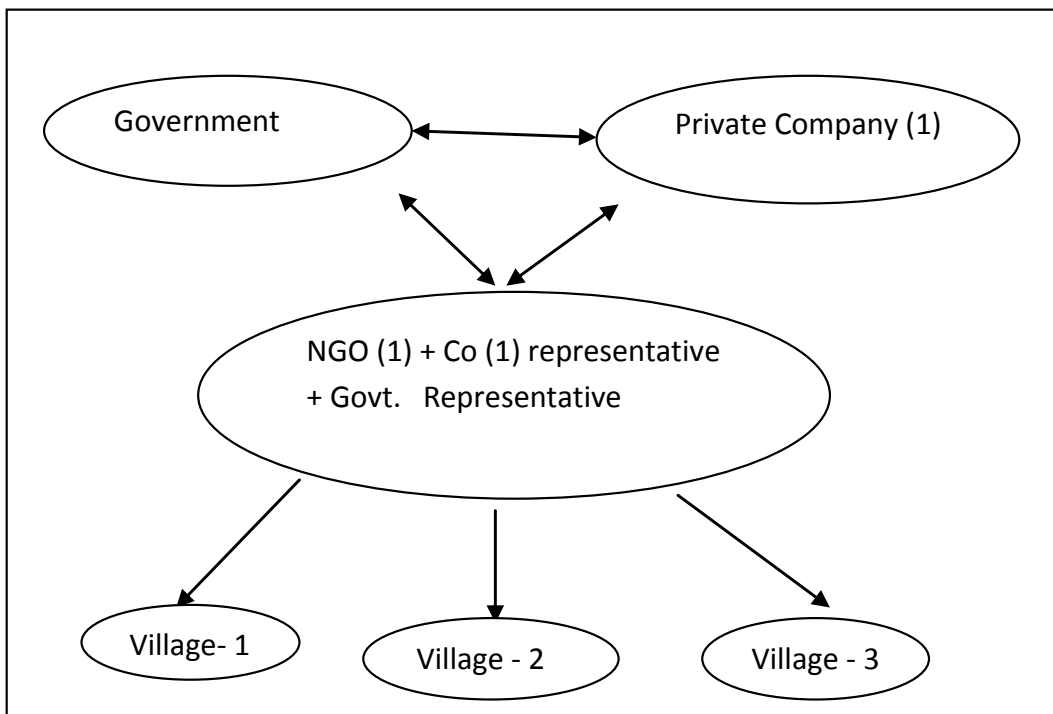

Fig - 1 Accountability & Responsibility Model for CSR Activities

CONCLUSION

The first verse of Ishavashya Upanishad – "All that exist in this universe is the abode of the almighty. Therefore, enjoy the good things in life by sharing them with others". Everyone who eats has a stake in farmers' well-being. Growth of Indian agriculture can be considered a necessary condition for 'inclusive growth'. Concerted and focused efforts are required for improving the lives of our fellow farmers. A holistic approach, simultaneously working on agricultural research, development, dissemination of technology, and provision of agricultural inputs such as quality seeds, fertilizers, pesticides, and irrigation, would help them to come out from the shackles of uncertainties and fear. Effective coordination and monitoring of the ongoing agriculture reforms and a genuine CSR can bring the much needed second green revolution in India.

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3 MANDATING, MONITORING & MENTORING CSR

* Dr P T Giridharan

ABSTRACT

CSR cannot be confused with philanthropy and Governance. Moral Codes for Corporate on CSR is developed by Ministry of Corporate Affairs, published in India in July 2011 has nine principles. The big question is whether the CSR is voluntary or to be made mandatory by law. To make CSR more effective, the law has to be enforced on those organizations, which do not voluntarily take up CSR activities. The business, ethical and social dilemmas are to be addressed from time to time.

INTRODUCTION

CSR is not a new topic. It is already imbibed and embedded in any membrane be it a natural or artificial person. As human beings, are we not responsible for the environment surrounding us? Does environment exist for us or we exist for the environment? The cities that are populated with vehicles, clouded and choked with pollution necessitated and mandated vehicle owners to obtain a Pollution Free Certificate (PFC) for the vehicle at regular intervals sustained the efforts in controlling pollution to some extent. The car manufacturers have been sustaining their business in multiplying the manufacture of number of cars, in terms of models, etc have also been entrusted with the responsibility of manufacturing fuel efficient and pollution less cars. It is often said that duty and responsibility coexists. Where car owner has a duty to get PFC, the car manufacturer has the responsibility of producing Pollution Free Car. It infers that stakeholders do have a role in making the company to run business responsibly and being responsible for their actions.

CSR is…!

Corporate Social Responsibility is an integration of Business, Ethics and Society. In the process of integration, the main challenges that may be faced in mandating it are:

CSR is a mind-set and not made to sit!

CSR is a value creation and not a recreational value!

CSR is a cause and not a cost!

CSR is a philosophy of voluntary and not compulsory!

CSR is a process of negotiation and not by way of Regulation!

CSR can make a difference and not deference!

CSR may not bring efficiency but effectiveness!

CSR is all about being Responsible by being Responsive!

A CORPORATE IS ARTIFICIAL NOT NATURAL

Unlike natural person, a corporate is an artificial person born out of law, death by law, run and regulated by law. It is not a citizen nor does it have any vote except its members who are natural person who can vote, speak and exercise powers at its shareholder's meeting. A corporate therefore occupies a unique identity and it is only the law that can lift its veil where only circumstances permit and necessitate in case of fraud, or it is a mere sham. However, the law imposes upon a corporate and its Board a large number of

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obligations to report on its various activities and question props and crops up whether CSR can be mandated or made to be reported upon.

A CORPORATE IS VALUE MAXIMIZATION AND NOT MERE PROFIT AND WEALTH MAXIMIZATION

The ultimate objective for which a corporate could exist and subsist from the view point of various stakeholders is that it should generate profit for wealth maximization by stakeholders. However, an important point that is often unseen is that whether profit and wealth could alone sustain, if businesses are not socially responsible. Since business is a segment of the society, it can run neither on oblivion nor in isolation and there is a moral duty for the corporate to do 'something' for the society at large.

CSR CONFUSED WITH PHILANTHROPY AND GOVERNANCE!

What has often led to the topic being made hot is that, the term "CSR" has been confused or colluded with 'sacrifices', 'corporate governance' 'philanthropy' etc. CSR in nutshell is all about making 'businesses behaving responsibly'. Question before us is how it shall be ensured? Can a shareholder fund/capital/profit be earmarked for society development, when the purpose of contribution to a corporate is for wealth maximization? So, in a way it is conflicting for the contributor as well acceptor of capital, whether it can be spent for making business responsible.

Moral Codes for Corporate on CSR:

While debate continues whether CSR could be mandated or not, the Government Regulator for companies in India, the Ministry of Corporate Affairs, published in July 2011, a document "National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business" which prescribes (9) Principles. The

Guidelines emphasize that businesses have to endeavor to become responsible actors in society, so that their every action leads to sustainable growth and economic development. Accordingly, the Guidelines use the terms 'Responsible Business' instead of Corporate Social Responsibility (CSR) as the term 'Responsible Business' encompasses the limited scope and understanding of the term CSR.

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Principle 3: Businesses should promote the wellbeing of all employees.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Business should respect, protect, and make efforts to restore the environment.

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Principle 8: Businesses should support inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

LAW FOR CSR

From volunteering the Guidelines, a law has been proposed for certain companies in India on corporate social responsibility. The Companies Bill, 2011 which was tabled in the Parliament (Lok Sabha) on 14th December, 2011 provides mandating CSR. According to the provisions contained in Clause 135 of the said Bill, 2011,

- Every company having net worth of rupees five hundred crore or turnover of rupees one thousand crore or more or a net profit of rupees five crores or more during any financial year shall constitute a CSR Committee consisting of three or more directors, out of which at least one director shall be an independent director.

- Board's Report to disclose the composition of CSR Committee.

- CSR committee to formulate and recommend to the Board CSR Policy which shall indicate the activities undertaken by the company as specified in the Schedule to the Bill, recommend the amount of expenditure to be incurred on the activities and monitor CSR of the company from time to time.

- Board to approve CSR policy and place it on company's website.

- Board to endeavor to spend at least 2% of its average net profits during the three immediately preceding financial years in pursuance of CSR policy.

- Board also to specify reasons for not spending the amount.

OBJECTIVES OF CSR POLICY

The CSR policies should lead to the following:

- Eradicating extreme hunger and poverty.

- Promotion of education.

- Promoting gender equality and empowering women.

- Reducing child mortality and improving maternal health.

- Combating human immuno deficiency virus, acquired immune deficiency syndrome, malaria and other diseases.

- Ensuring environmental sustainability.

- Employment enhancing vocational skills.

- Social business projects.

- Contribution to the prime minister's national relief fund or any other fund set up by the Central Government or the State Governments for socio economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and

- Such other matters as may be prescribed.

BUSINESS, ETHICAL & SOCIAL DILEMMAS

The list of CSR activities as enshrined by way of law throws following dilemmas,

- Whether rich have to spend for the poor!

- Whether a corporate exists for making profit or securing the society!

- How it can explain to the society that it has served it? – Comply or Reply Basis or Apply or Explain Basis!

- Whether any law can mandate the corporate to spend its profit generated out of capital invested for the purposes for which business is set-up!

- Why CSR mostly?

CONCLUSION

The findings to the answers may be interesting or intriguing. Yet, the Government in its wisdom has gone a step further that rather making CSR voluntary (which ought to be by way of self-regulation and conduct) sought it that CSR is not just being corporate socially responsible, but behaving responsible to the society!

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4 EMERGING TRENDS IN CSR: REVOLUTION AT THE GRASS ROOT LEVELS

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ABSTRACT

Corporate Social Responsibility (CSR) also called corporate conscience, corporate citizenship, social performance is a form of corporate self-regulation integrated into a business model. The new economic era in India i.e. the post-liberalization phase of the Indian economy was a catalyst for the radical transformation in the corporate social responsibility related practices in the country. The change was twofold: transformation of the conceptual understanding of corporate social responsibility and innovations at the implementation level. At the conceptual level, there was a fundamental transformation from the charity-oriented approach to the stakeholder-oriented approach where the target group was seen as stakeholder in the community whose well-being was integral to the long term success of the company. However, the real revolution occurred at the implementation stages where companies have started committing manpower, expertise in addition to financial resources in order to provide a host of services, programs and schemes that are flexible enough to accommodate the needs of the target community.

Key Words: *Charity, Corporate Social Responsibility, Innovation, Stakeholder.*

INTRODUCTION

The concept of corporate social responsibility of large industrial groups has occupied a prominent place in the greater national discourse on economic issues since the pre-independence era in India. Corporate Social Responsibility (CSR), can be described as, the continuous commitment by corporations towards the economic and social development of communities in which they operate. Gandhi described large business as 'trusts' of the 'wealth of the people' and thus emphasized on the larger social purpose that industrial wealth should serve in independent India. In the early days of the post- independence period, the Indian state under the heavy influence of Nehruvian socialism encouraged private industries to play an active role in the economic and social development of the backward sections of the society, while at the same time setup a mammoth public sector for serving larger societal interests. As Nehru's gentle socialism gave way to the more radical policies of nationalization and extensive state regulation of the Indira Gandhi era, industrial groups desperate to avoid the draconian state policies and regulations in economic affairs resorted to large scale corporate welfare programs to demonstrate that private wealth also played an important role in poverty alleviation and the socio-economic development of the nation and was not anti-people.

An impending crisis in Indian economy led the Rajiv Gandhi and Narashima Rao governments to dismantle the 'license raj' and introduce much-needed economic reforms in the country, which marked the beginning of the economic liberalization and the free market economy in India. The term is often used interchangeably for other terms such as Corporate Citizenship and is also linked to the concept of Triple Bottom Line Reporting (TBL), which is used as a framework for

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measuring an organisation's performance against economic, social and environmental parameters. The rationale for CSR has been articulated in a number of ways. In essence it is about building sustainable businesses, which need healthy economies, markets and communities. The key drivers for CSR are:

Enlightened self-interest - creating a synergy of ethics, a cohesive society and a sustainable global economy where markets, labour and communities are able to function well together.

Social investment - contributing to physical infrastructure and social capital is increasingly seen as a necessary part of doing business.

Transparency and trust - business has low ratings of trust in public perception. There is increasing expectation that companies will be more open, more accountable and be prepared to report publicly on their performance in social and environmental arenas.

Increased public expectations of business - globally companies are expected to do more than merely provide jobs and contribute to the economy through taxes and employment.

FROM PHILANTHROPY TO STAKE HOLDER PARTICIPATION

The conceptualization of corporate social responsibility until the year 1990s was purely in terms of philanthropy or charity. Welfare programs or initiatives were introduced not as a duty or a responsibility but as a form of charity that was supposed to indicate the virtues of the company or the organization. Many industrial groups like the Tatas or Birlas setup charitable trusts that provided financial grants for various worthy causes. Although there were some cases where the corporation took up a more active role like the establishment of the Birla Institute of Technology, Pillani by the Birlas or setting up of primary schools by several major industrial groups for their workers' children but even in these cases the approach was philanthropical. The problem with this philanthropy –based model has several problems:

• The corporation does not commit its resources fully behind such a project and often confines itself to one-time or periodical financial grants.

• Since it is an act of charity, the corporation does not feel the need for community participation in the designing or management of such initiatives and people participation, if any, is restricted to limited implementation aspects reducing the efficiency and effectiveness of corporate social responsibility measures at the ground level.

• The lack of involvement from the primary resource provider i.e. the corporation leads to low levels of accountability and transparency at the implementation level.

However the post-liberalization phase has seen a fundamental shift from this philanthropy-based model of corporate social responsibility to a stakeholder- participation based model. The change is evident in the statements about corporate social responsibility being made by India's leading industrial groups like the Tatas. "Over the years, the nature of the company's involvement with the community has undergone a change. It has moved away from charity and dependence to empowerment and partnership and the consistent transformation in their corporate social responsibility practices in the last decade". In the stakeholder model the community in which the corporation is present is seen as a stakeholder in the company and therefore, the company has certain obligation and duties towards it like it has towards its other stakeholders (customers,

employees, shareholders). It is a recognition of the fact that companies perform in non-financial arenas such as human rights, business ethics, environmental policies, corporate contributions, community development, corporate governance, and workplace issues and company should be held accountable for its 'triple bottomline' that includes social, environmental, and financial performance and not just the financial aspect. The question that arises at this juncture is what are the reasons for this shift in the basic paradigm in corporate social responsibility in the post-liberalization era? John Samuel and Anil Sari have argued that this transformation has been the result of three reasons:

- Recognition of the importance of 'reputation capital' for capturing and sustaining markets. Therefore corporate social responsibility is basically a new business strategy to reduce investment risks and maximize profits by taking all the key stakeholders into confidence.

- The growing importance attached to the 'eco-social' stability i.e. social and environmental stability and sustainability is necessary for the survival of a free-market economy in the long run.

- The importance being attached to accountability, transparency and social and environmental investment as the key aspects of corporate governance in the era of globalization.

Others like S. Sailaja have attributed the shift in conceptualization to a simpler 'benefit' argument that basically implies that the stakeholder model has been adapted as it makes CSR programs more effective and efficient, the need for which is recognized by corporation who see multiple benefits like increased sales and customer loyalty, enhanced brand value and reputation, increased ability to attract and retain quality employees, investors & business partners, better productivity of workforce, cooperation with local communities, efficient operations resulting in improved financial performance, increased stock value, reduced litigation & environmental costs, better and faster governmental approvals, rewards, tax benefits that come from good CSR practices. While both these arguments are pertinent, we would venture to supplement them by drawing attention to two other important reasons for the basic shift in the corporate social responsibility model. Firstly, the post-liberalization phase saw the increased presence of large transnational corporations like IBM in India which have highly developed corporate social responsibility initiatives based on the stakeholder participation model that were introduced in India by them. The success and effectiveness of these programs had a 'rub-off' effect on Indian enterprises, which were also operating in the same market, in their approach to corporate social responsibility initiatives. Secondly as Indian industry started competing in the developed markets of Europe, America and the Far East it had to comply with entry level norms like certification for responsible corporate practices like ISO 14000, SA 8000, AA 100 as well as compliance codes formulated by OECD and UN Global Compact which meant that they had to adapt new corporate social responsibility standards. Whatever be the reason, this change in the conceptualization of corporate social responsibility to stakeholder participation model has led to drastic change in the planning, management and implementation of corporate social responsibility initiatives.

NEW INNOVATIONS IN IMPLEMENTING CSR

With the shifting of the corporate social responsibility paradigm to a stakeholder centric approach, practices at the ground level have also undergone a radical transformation. In every aspect of corporate social responsibility measures the last decade has seen corporations

innovating to increase efficiency, effectiveness and accountability. The focus has been on initiatives that are people-centric with active community participation at all levels. Further, the corporations themselves have moved away from the charitable initiatives like giving financial grants or sponsorships to providing products and services in a manner that would make a real difference in the target communities. The first perceptible change has been the introduction of a host of innovative programs and schemes in several areas like education, healthcare, rural development, environment protection, protection of artistic and cultural heritage and disaster management that are customized to meet the specific needs of the target group. Corporations devote not only financial resources but expertise, manpower, products and services for the successful implementation of these schemes. A few such examples are:

Lupin India Ltd

Lupin India Ltd, India's third largest manufacturer of pharmaceuticals has started a project for providing sustainable development in 154 villages across Rajasthan. The scheme instead of providing for piece-meal assistance that does not lead to effective alleviation of poverty or adequate development is designed as a holistic action plan that includes an Agricultural Income Generation Scheme, land cultivation and fruit plantation programs, fodder preservation schemes, sericulture and water-recycling programs, establishment of medical and educational centers, adult literacy programs and credit schemes.

Cipla

Another Indian pharma major has found a novel approach to fulfill its corporate social responsibility obligations by offering to sell a cocktail of three anti-HIV drugs, Stavudine, Lamivudine and Nevirapine, to the Nobel

Prize-winning voluntary agency Medicine Sans Frontieres (MSF) at a rate of $350, and at $600 per patient per year to other NGOs over the world. This offer has led to an significant decrease in the prices of these drugs worldwide increasing the accessibility of these drugs especially in the developing countries.

Ranbaxy

Ranbaxy being one of India's major pharmaceutical firms operates seven mobile healthcare vans and two urban welfare centers that reach over a lakh people in various parts of northern and central India as part of its corporate social responsibility initiative.

TCS

Tata Consultancy Services (TCS) has set up a fully-equipped computer training laboratory for children from the Society for the Welfare of the Physically Handicapped and Research Centre, in Pune for imparting basic computer knowledge.

NIIT

NIIT has launched a highly popular 'hole-in-the-wall' scheme where it places a computer on a public wall in urban and rural areas so that neighborhood children can learn computer basics using the play-way method.

Bharat Electronics Ltd..

Bharat Electronics Ltd built cyclone proof houses for the victims of the super cyclone with the help of the victims themselves so that the houses are built according to their needs.

Ion Exchange

Ion Exchange has founded a profitable venture for environmental protection through water treatment, afforestation and organic farming.

SAP

Life is a not-for-profit alone, but for public benevolent. SAP is focusing on education, awareness and research aimed at the prevention of suicide among youths. The organization provides resources, education and school based life skills programs to help to prevent suicide amongst young people. Through its charity sponsorship program SAP Australia supports for Life with monetary contributions, volunteering and staff involvement in the agency's programmes.

Barclays

By reducing the number of unbanked population and providing access to affordable credit through its growing Financial Inclusion programmes, Barclays is taking a long-term, partnership approach improving access to banking, achieving economic gains for its customers, the communities in which it operates and the bank itself. As well as it works in the U.K, Barclays also has initiatives underway in Ghana, India, South Africa and Uganda. Barclays is aiming to expand these programmes into other markets to deliver a more holistic financial inclusion strategy.

Sun Microsystems

In 1998, Sun became Musica Viva's first and only principal sponsor. By associating itself with a leader in the IT industry, Musica Viva gains networking opportunities within the corporate sector, resulting in further sponsorship openings. It gains access to Sun's staff and customer base to increase awareness of Musica Viva's activities and performances, enabling it to achieve its own aims of taking the beauty of music into the lives of ordinary Australians and forging meaningful links between the arts and the corporate world. The exchange of expertise helps both partners. Sun provides its technological know-how and assists with market reach for Musica Viva, which in turn

provides opportunities to give something back to Australia's cultural life through supporting and engaging with music in various ways.

IBM

IBM - Japan's 'e-elder' initiative is a national program using training materials and other support from IBM Japan which will hire and train seniors as instructors for other seniors in an effort to help elder citizens more fully participate in a Web-based society.

HP

In Singapore, HP staff raised nearly $295,000 for charity in 2003 and received a SHARE Gold Award from the Community Chest of Singapore for employee participation exceeding 50%. One event was Gladiathon, a fundraiser in support of the President's Challenge 2003. Leading by example was the Managing Director from HP Asia Pacific, who wore a gladiator costume and competed with other IT industry leaders in the battle for charity. HP was the largest corporate donor of this event, raising a total of $121,000.

Microsoft

Microsoft works closely with international organizations such as the World Food Programme, Save the Children, and Mercy Corps to provide technology-based development assistance through the HEART (Humanitarian Empowerment and Response through Technology) program. More and more, global organizations rely on technology to improve the effectiveness of their humanitarian efforts around the world.

Along with innovation, corporations have worked hard at integrating corporate social responsibility into their core practices. There is now greater evaluation and stricter accountability and transparency norms for social initiatives along with the lines of norm set for mainstream

projects and ventures. Sudha Murthy of the Infosys Foundation, the social initiative arm of the IT major Infosys, explains the great efforts the corporations are doing to ensure that the projects they are involved are actually genuine and serve a purpose. "We get a lot of projects, so we do a round of elimination….make a shortlist, as to which are the good ones, after a lot of verification. Then we supervise the implementation part by visiting the area. But we have to work very hard, during all holidays, weekends and 18 hours every day." Several organizations like Gas Authority of India Ltd. (GAIL) have introduced benchmarking exercises for their CSR activities and industry bodies like Confederation of Indian Industries and FICCI have introduced cross-sectoral programs, for the first time, in CSR related areas.

CURRENT OPPORTUNITIES

At one end of the spectrum, CSR can be viewed simply as a collection of good citizenship activities being engaged by various organisations. At the other end, it can be a way of doing business that has significant impact on society. For this latter vision to be enacted in India, it will be necessary to build CSR into a movement. That is to say, public and private organizations will need to come together to set standards, share best practices, jointly promote CSR, and pool resources where useful. An alliance of interested stakeholders will be able to take collective actions to establish CSR as an integral part of doing business and not a passing fad. Some might say that it is easy for corporate houses to support CSR when the economy is growing at 8 per cent and profits are doing well. The real test is what happens to CSR budgets during an economic downturn. That is why it is so important over the next two to three years to embed CSR into the public consciousness, as well as into the executive suite.

CURRENT GLOBAL TRENDS

Because of the growing size and power of multinational corporate houses, bond rating agencies and investment companies are exerting increasing influence on CSR. In particular, they are demanding an accounting for non-financial measures of value creation as they seek to determine risk premiums. These include an assessment of CSR activities, as well as governance practices, management of intellectual capital, and transparency in reporting. There are now multiple CSR rating agencies in North America and Europe. Socially Responsible Investment Funds (SRI) now consider CSR activity when deciding whether to invest in public traded companies. The Principles for Responsible Investing (PRI) Group was started in conjunction with the UN in 2005. This now includes over 170 institutions representing 15 trillion US dollars in assets. The member institutions take into account six key principles in the area of environmental, social, and corporate governance when making investment decisions. The United Nations Global Compact was launched in 2000 by the then Secretary General Kofi Annan to create a voluntary alliance of companies throughout the world committed to upholding specific principles of human rights, labour rights, environmental stewardship and anti-corruption. To date, 168 Indian multinational corporate, Small and Medium Enterprises (SMEs) and associations have joined the Compact. A growing trend in large multinational corporations is the establishment of special committees within the board of directors to oversee CSR and sustainable business practices. More and more, executive compensation is tied to specific outcomes in these areas. Groups of corporates are being encouraged to come together to promote CSR. In 2006, Europe created the European Alliance for CSR. It currently consists of 70 multinational corporate houses and 25 national partner organisations and has become a unique resource for building capability in CSR.

FUTURE SOCIAL TRENDS IN INDIA

The CSR survey revealed, not surprisingly, that organization targeted most of their activities close to home — providing services for people who live in villages, towns, and districts where the organization operates. Education, health, and the environment are the top priorities. More than likely, these priorities will continue. There is one social trend in India that looms larger than all others —the population tsunami. The current population of India is now over billion. Demographers now tell us that India will overtake China by 2026 as the world's most populous nation with almost 1.5 billion people. Let us put this into perspective. At the time of Independence in 1947, India's population was approximately 350 million. Between now and 2026, India will add almost as many people as there were in the entire nation in 1947. The implications of this are staggering. Will the additional demands for food, water, housing, education, and health care overwhelm the existing infrastructure? Or can all stakeholders work together to build a literate, healthy, capable society with enough jobs to meaningfully employ all those seeking work? The greater the challenges, the greater the ingenuity required. For CSR in India to have a meaningful impact on society in the coming decade, a 'national-local' approach may be best. National in the sense that there will need to be nationwide alliances and databases in order to quickly learn best practices, share innovations, and 'scale-up' pilot programmes. Local in the sense that, it will require organizations to efficiently implement programmes at the grassroots level, as well as mobilise volunteers to serve their local communities. CSR is here to stay and its future is bright. There is much to learn about building world-class CSR programmes in the Indian context, and this survey is a very good place to start.

CONCLUSION

The new economic era in India i.e. the post-liberalization phase of the Indian economy was a catalyst for the radical transformation in the corporate social responsibility related practices in the country, The change was twofold: transformation of the conceptual understanding of corporate social responsibility and innovations at the implementation level. At the conceptual level, there was a fundamental transformation from the charity-oriented approach to the stakeholder-oriented approach where the target group was seen as stakeholder in the community whose well-being was integral to the long term success of the company. However, the real revolution occurred at the implementation stages where companies have started committing manpower, expertise in addition to financial resources in order to provide a host of services, programs and schemes that are flexible enough to accommodate the needs of the target community. The CSR initiatives have also seen greater people participation at all stages and tighter accountability standards. The issue of norms for corporate social responsibility seems to have been adequately dealt with by industry practices like benchmarking, CSR ratings and certification by different agencies. While the situation in the private sector seems satisfactory, there is fierce debate on the social role of the Indian public sector in the post-liberalization phase especially in the light of the twin processes of privatization and the dismantling of monopoly/quota regimes. There is a need for extensive research especially in the form of empirical studies to address the questions related to this issue.

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5 CSR – CHALLENGES FOR AUDITORS & CHANGING ROLES

*N Raveendranath Kaushik

ABSTRACT

As it was rightly quoted by some businessmen that "The Business does not exist in Vacuum", today its relevance can be seen in the changing business scenario. Corporate Social Responsibility (CSR) is gaining prominence as it is found and understood by many successful businessmen that sustainability and growth can be achieved only by taking together corporates, stakeholders, public and environment in achieving the objectives. While doing so, the roles of Auditors are commendable, as they act as a link between coportates and public. There is significant change in the roles which they used to perform earlier compared to that of now. Auditors are no more persons who just audit books of accounts, give audit reports and verify financial data but, now it is more of issue investigation, coming up with solutions, checking systems and controls, data security and management etc.. Understanding their relationship with different organizational structure is more important today as they are the people who work not only for organization but also for the public.

Keywords: *Corporate Social Responsibility, Auditors, Audit Committees, Board of Directors, Task Force Report, Risk.*

INTRODUCTION

Corporate Governance is one of the hottest topics which is discussed around the Globe today. After facing the bitter experience resulting from the issues created by corporate giants like WorldCom, Enron, Satyam-Mytas etc. now the entire business focal point or epicenter is shifted to effective and capable Governance. Now all corporate bodies have started chanting one mantra which is Corporate Social Responsibility (CSR).

Before going further on the topic let us understand some of the important terms which is more often used and knowing of which is very important to get the clear picture.

WHAT IS CORPORATE GOVERNANCE?

'Corporate Governance is the form by which stakeholders monitor their company.'

'Corporate Governance means doing everything better, to improve relations between companies and their shareholders; to improve the quality of outside directors; to encourage people to think long-term; to ensure that information needs of all stakeholders are met and to ensure that executive management is monitored properly in the interest of shareholders.'

So, by the above two definitions we can understand that Corporate Governance is not only adding two different words but it is one whole concept about the relationship between Corporate at one end and Stakeholders at the other.

WHAT IS CORPORATE SOCIAL RESPONSIBILITY?

CSR means the concept by which organization focuses on taking up interest relating to societies by brining in changes in their function and approach so as to benefit their suppliers, communities, environment etc..

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According to the poll conducted by KPMG on The State of Corporate Governance in India: 2008, it was found that majority of Indian companies, around 47% of them didn't consider CSR as highly relevant in their corporate agenda and around 30% of the companies were not clear about the stand. This is the key indicator which needs to be thought upon and this is where a mass awareness movement needs to start in order to bring the importance of Corporate Governance.

ROLE OF AUDITORS

Auditors being key persons in corporate world play a major role in not only addressing the issues but also coming up with plans to find the solutions for closing the issues. Most of the scams, frauds etc come to light only due to good Audit mechanism in place. Auditors work neither for Board nor for Stakeholders, they work for identifying the compliance part and try to remove any deviations by placing proper controls. So, the primary role of Auditors is to check whether the financial information provided to stakeholders are reliable or not. Figure 1 below shows major roles of Auditors in driving towards achieving organisation objectives.
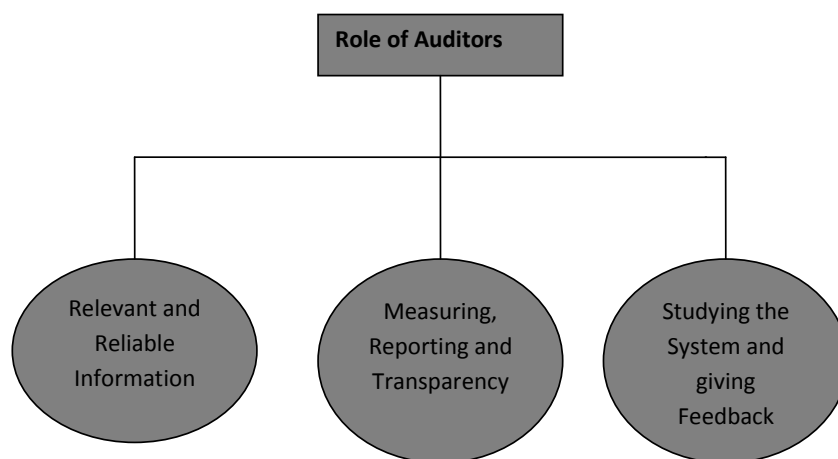
Figure 1 – Role of Auditors

RELEVANT AND RELIABLE INFORMATION

One of the primary objectives of the Auditors is to give expert opinion on aspects relating to the financial statements, compliances, adherence to standards etc. So, it is important that Auditors furnish with relevant and reliable information to the management and board so as to take proper decision on timely basis.

MEASURING, REPORTING AND TRANSPARENCY

Measuring refers to quantifying and expressing the important findings. Reporting means presenting the information in acceptable formats which is necessary for taking vital decisions and Auditors should not act in bias but should be transparent at the time of audit and reporting.

SYSTEM STUDY AND FEEDBACK

One of the important role of Auditors is that they should audit the system existing and need to identify if there are any flaws which needs rectification, he need to come up with suggestions and improvements so as to improve the system. System study and timely feedback is the important role of Auditors.

HOW AUDITORS HELP IN CORPORATE GOVERNANCE?

This is one of the important question which needs to be answered keeping in mind the different functions and roles performed by the Auditors. We need to understand the relationships which Auditors have with different people like Directors, Internal Auditors, Audit Committees and Regulators in order to see that the corporate pass on the social responsibilities to its stakeholders and various investors and shareholders.

AUDITOR AND DIRECTORS

Auditor plays a major role when it comes to the question of reporting the findings of Audit to the Board. Auditors neither report to Directors or to Shareholders, they act as investigators and try to bring out issues and facts which are not meeting statutory compliance. The verification of financial information and deviations if any, needs to be reported to the Directors and they should be more transparent in the findings. It is the role of Auditors to provide reliable and relevant timely information to the Directors for taking management decisions. If there is any negative finding, they should not hesitate to disclose the same to the Directors as they should at the same time protect the interest of the shareholders.

AUDITORS AND AUDIT COMMITTEE

Audit Committee is a body which comprises of independent directors whose main objective is to assure the integrity of financial statements, adhering to regulatory compliances, placing internal controls and mitigating any risk there on. In the poll results conducted by KPMG on Indian Companies, it was surprising to see that 62% of the companies responded that the skill set of Indian Audit Committee was either low or medium. So, Auditors role is very important in this case as they can drive the initiatives and programs to highlight the issues and the causes so that Audit Committee becomes more and more proactive in their working style. Since, the power of appointment of Auditors lies with Audit Committee; it should take extra care while appointing auditor and also should hear to Auditors whenever they brings up the issue.

AUDITORS AND INTERNAL AUDITORS

There should be good established relationship with Auditors and Internal Auditors to have an effecitive Corporate Governance. As the areas of audit are different in both cases, still the Internal Auditors can give lot of inputs to External Auditors. There should be good co-ordination and co-operation between Internal Auditor and External Auditors in order to address the issues. There should be full transparency and sharing with regard to vital information which if not addressed timely would affect the shareholder interest.

AUDITORS AND REGULATORS

Regulators are the body which monitors the performance of auditors by framing guidelines and setting professional ethics. For eg. Institute of Chartered Accountants of India, Institute of Cost Accountants of India and Institute of Company Secretary of India issues timely guidance on their professional practicing members relating to professional misconducts and there by act as regulators. Audit firms are audited for their professional works carried on and sometimes penalized for poor quality work. Regulators can

39

CSR – Challenges For Auditors & Changing Roles

help in the Corporate Governance by barring the poor quality Auditors from practicing, inspection of auditors' partnership agreements, placing controls on number of audit assignments etc.

Recommendation of Naresh Chandra Task Force on Corporate Governance

In Indian scenario of Corporate Governance there were lot of committees/bodies set up under Ministry of Corporate Affairs (MCA) and SEBI which looked in to the framework of Corporate Governance and came out with many recommendations which were later adopted by the professional Audit bodies. Confederation of Indian Industries (CII) set up a Task Force under the chairmanship of Shri Naresh Chandra. The Task Force visited various key areas which played vital role in Corporate Governance. Some of the recommendation made were:

1. Certificate from Audit Firms – Audit Firms who take up Audit assignment with the company should clearly certify that it has not taken any non audit assignments with other companies.

2. Rotation of Audit Partners – Audit Assignment handled by partners should be rotated after every 6 years. They can be restated for the same assignment after gap of 3 years.

3. Auditors Liability – An Audit Firm should disclose its net worth to the listed Company for which it is suppose to act as Auditor.

4. Appointment of Auditors – Audit Committee should take extra care and should be committed at the time of appointment of Auditors. Audit Committee should follow the various process and steps at the time of selecting the Auditors.

5. Qualified Audit Report – An Auditor should provide reasonable explanations and disclosures in his qualfed report. The language of the report should communicate the facts and materiality of the financial information.

6. Risk Management – Audit Committee and Executive management to collectively identify the sources of risk and try to minimize or mitigate the risk. Such Risk Management policy should be revisited on timely basis.

7. Audit Oversight Mechanism – Government to intervene and strengthen the Quality Review Board of ICAI.

CONCLUSION

As the business diverges, new challenges and threats emerges both internally and externally. The focus of the growth and development of the Company depends on how they are wed in the eyes of customers, shareholders and society in general. Corporate Social Responsibility is one emerging areas where the Companies are really tested. So, the survival and growth of Corporate rests on how close they are to the society in addressing the issues. Auditors who are the key and vital link between the Corporate and investors, suppliers, shareholders etc have a wider role to play. Understanding their responsibilities and professional ethics will help in delivering the good results for the Corporate as wells as to the general public and other stakeholders. Auditors should be more proactive and should look up to the issues and should without any hesitation bring up issues which are against the stakeholders, corporates or to the society. They also need to work closely with the different stakeholders like Board of Directors, Internal Auditors, Audit Committees and Regulatory in forming policy and programs to address issues and take timely decision to benefit the corporate as well as the public.

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6 CORPORATE SOCIAL RESPONSIBILITIES & GOVERNANCE AT INFOSYS

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ABSTRACT

Corporate Social Responsibility (CSR) is becoming an increasingly important activity to business nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs in their various locations. Corporate governance is about commitment to values and ethical business conduct. It is about how an organization is managed. This includes its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Accordingly, timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the company is an important part of corporate governance. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to attract investors, and enhance the trust and confidence of the stakeholders. Infosys is committed to contributing to the society and established the Infosys Foundation in 1996 as a not-for-profit trust to support social initiatives. The Foundation supports programs and organizations devoted to the cause of the destitute, the rural poor, the mentally challenged, and the economically disadvantaged sections of the society

Keywords: *Corporate Social Responsibilities, Corporate Governance, Infosys Foundation.*

INTRODUCTION

Infosys is a large software company, based in Bangalore, India, specializing in customized software and development solutions. The company provides business consulting, systems integration and application development to multinational companies using its proprietary "Global Delivery Model," which divides large projects into components that are then completed in different parts of the world, including India and the US. Infosys clients include U.S. corporations, Northwestern Mutual Life Insurance, VISA, and retailers Nordstrom and J C Penney, and Japanese companies like Toshiba. At Infosys, the distribution of wealth is as important as its legal and ethical creation. A strong sense of social responsibility is therefore an integral part of their value system. Infosys has used its corporate governance practices and in particular increased transparency, as a distinguishing competitive feature for several years before its Nasdaq Listing. Given that a majority of its business is based in the US, Infosys believes that leadership in corporate governance will inspire confidence among its current and potential customers and employees both in its home market of India and in Western markets.

The company's governance policies are more robust than those promoted by India's domestic corporate governance codes, even the most recent guidance on audit committees, and of SEBI committees are framed by one of Infosys' founder. Infosys believes that sound corporate governance is critical to enhance and retain

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investor trust. Accordingly, Infosys always seek to ensure that they attain their performance rules with integrity. Infosys continue to be a pioneer in benchmarking its corporate governance policies with the best in the world. Its efforts are widely recognized by investors in India and abroad. It has undergone the corporate governance audit by ICRA and CRISIL. ICRA has rated its corporate governance practices at CGR 1. CRISIL has assigned CRISIL GVC Level 1 rating to Infosys.

CSR - DEFINITION

The totality of CSR can be best understood by three words: 'corporate,' 'social,' and 'responsibility.' In broad terms, CSR relates to responsibilities corporations have towards society within which they are based and operate, not denying the fact that the purview of CSR goes much beyond this. CSR is comprehended differently by different people. CSR is also called as corporate conscience, corporate citizenship, social performance or sustainable responsible business as a form of corporate self-regulation integrated into a business model. Philip Kotler and Nancy Lee (2005) define CSR as "a commitment to improve community well being through discretionary business practices and contributions of corporate resources". CSR can be understood in terms of corporate responsibility, but with greater stress upon the obligations a company has to the community, particularly with respect to charitable activities and environmental stewardship. Corporate and social responsibility is sometimes described as being a tacit contract between business and a community, whereby the community permits the business to operate within its jurisdiction to obtain jobs for residents and revenue through taxation. Additionally, the community expects the business to preserve the environment and to make the community a better place to live and to work through charitable activities. If a company is truly committed to CSR they regard it as an integral part of the business decision making process and prominently place it

in the company's core mission, vision, and value documents. These simple but important statements succinctly state company goals and aspirations. They also provide insight into a company's values, culture, and strategies for achieving its aims. The mission or vision of a socially responsible business frequently references a purpose beyond "making a profit" or "being the best," and specifies that it will engage in ethical business practices and seek to create value for a variety of stakeholders, including shareholders/owners, employees, customers, vendors, communities, and the natural environment.

Infosys is committed to contributing to the society and thus established the Infosys Foundation in 1996 as a not-for-profit trust to support their social initiatives. The Foundation supports programs and organizations devoted to the cause of the destitute, the rural poor, the mentally challenged, and the economically disadvantaged sections of the society.

INFOSYS FOUNDATION

Infosys Foundation has successfully implemented projects in four key focus areas:

• Healthcare

• Rural development and social rehabilitation

• Learning and education

• Art and culture

Healthcare

Making high-quality healthcare the norm is an ongoing challenge. Since its inception, the Foundation has initiated several activities that benefit the rural and urban poor. Apart from constructing hospital wards, donating hi-tech equipment and organizing health camps, the Foundation also distributes medicines to economically-weaker sections in remote areas. The Foundation constructed the Infosys Super-

specialty Hospital on the Sassoon Hospital premises in Pune. This hospital caters to poor patients. It has spread its donations for medicines to aged and poor patients suffering from cancer, leprosy, and defects of the heart/kidney, mental illnesses and other major disorders. It helps this section meet substantial medical expenses and assures them of a steady source of income for their treatment. The Foundation installed office management software at the KEM Hospital in Mumbai. This enables the hospital to manage store requirements, keep accounts as well as publish hospital papers and other information on the Web. Additional blocks have been built at the Swami Sivananda Centenary Charitable Hospital at Tirunelveli in Tamil Nadu.Additional blocks have also been built at the Bangalore Diabetic Hospital. A Dharmashala was constructed at the Kidwai Cancer Institute in Bangalore. The Foundation constructed a pediatric hospital at the Capitol Hospital in Bhubaneswar, which caters to poor patients. A CT-scan machine was also donated to the hospital. Additional wards were built at the Swami Shivananda Memorial Charitable Hospital in Pattumadai, Tamil Nadu. The annex to a cancer hospital in Kancheepuram, Tamil Nadu was added. A hospital was built for tribals at H.D. Kote, Mysore. In Bellary, a hospital was constructed to treat patients with brain fever. The Foundation air-conditioned the burns ward of the Victoria Hospital, Bangalore. A high-energy linear accelerator unit was purchased for the treatment of cancer patients at the Chennai Cancer Institute in Tamil Nadu. The Foundation has donated ambulances to medical centers and hospitals in Kanchipuram, Tamil Nadu, Gadag, B.R. Hills and South Canara in Karnataka and Kalahandi, Chandrashekarpur and Bhubaneswar in Orissa. It has also donated high-tech surgical equipment to hospitals located at Mysore, Bijapur, Bellary and Hubli in Karnataka. Incubators, air conditioner units, neonatal resuscitation equipment and refrigerators have been given to the Bowring Hospital, Bangalore,

while ultrasound scanners have been donated to the Ramakrishna Ashram, Coorg and the Bangalore Government Hospital. The Foundation has made donations to the Drug Foundation for Nuclear Medicine at the cancer hospital in Miraj and the Kidwai Hospital in Bangalore. A leprosy camp was conducted, and relief work was carried out at the Leprosy Colony in Gulbarga.

Rural Development and Social Rehabilitation

Whether it is organizing an annual mela that empowers destitute women or building orphanages that give children a better life, the Foundation's activities address the needs of society's most neglected. The Foundation has organized unique annual melas in different parts of the country, including Bangalore and Sedam in Karnataka, and Chennai in Tamil Nadu, to distribute sewing machines to destitute women and help them earn a livelihood. Prior to the mela, the Foundation even holds tailoring classes and provides materials for the same at some centers. The Foundation has conducted relief work after natural disasters. Apart from monetary contributions, it believes in assessing the real needs of those affected and contributing accordingly. It has worked in the tsunami-affected areas of Tamil Nadu and the Andaman Islands, earthquake-affected areas of Kutch, cyclone-devastated areas of Orissa, tribal areas of Kalahandi in Orissa and drought-hit areas of Andhra Pradesh. The Foundation made a donation towards the mid-day meal program of the Akshaya Patra Foundation, Bangalore, for poor children in North Karnataka. It established counseling centers to rehabilitate marginalized devadasis in North Karnataka. The Foundation has offered compensation to families whose bread-winners have served in Defence Forces and died fighting for the country. The Foundation worked with the Red Cross Society to supply aid equipment to the physically challenged in rural areas and economically weaker sections of Karnataka. The Foundation offers monetary aid

to the Divine Life Society, which is based in the Himalayas. The Society helps senior citizens and destitutes, often picking them up from the street and looking after them with the help of volunteers, some of whom are foreign tourists in the region. The Foundation improved a rehabilitation center in Chennai for mentally retarded women. The Foundation has improved the lives of children with leprosy and those living on the streets, and in slums.

Learning and Education

"Basic education links the children, whether of the cities or villages, to all that is best and lasting in India," said Mahatma Gandhi. At no time have his words been more prophetic, than now. In a world where education has become the biggest differentiating factor, the Foundation offers an edge to deprived and rural students, through its activities. The foundation has donated 10,200 sets of books in Karnataka alone, and in Andhra Pradesh, Orissa and Kerala, under its Library for Every Rural School project. Through this program, the Foundation has set up more than 10,150 libraries in rural government schools. A minimum of 200 books, depending on the strength of the school, is provided. Each set has around 200 to 250 books. The cost of each set ranges between Rs. 2,000 and Rs. 3,000. Books on various subjects, including science, history, mathematics, general knowledge, grammar, literature, geography, vocational training and fiction have been donated to cater to the interests of students in all age groups. To simplify the standard of computer education for students in rural areas, a separate book has been written and is being distributed under the library project. This book has also been translated into Hindi, Tamil and Telugu. In another innovative project that facilitates higher learning, the Foundation has set up libraries in Hubli and Bangalore that can be accessed by under-privileged students. These well-equipped libraries have the latest books prescribed in hi-

tech streams like medicine and engineering. All a student has to do is pay a deposit of Rs 800 for unlimited use of the library through his or her education. To identify and help students in dire need, the Foundation works with Prerna, an NGO in Raichur and Bangalore, and Vidya Poshak in Dharwad, to distribute scholarships to poor students. With the help of these organizations, the Foundation reaches out to deserving students across Karnataka. The Foundation has also made donations towards the reconstruction of old school buildings. For instance, 14 government schools in slum areas of Hyderabad were reconstructed. The Foundation has also renovated the Gandhinagar, Kottara St. Peter's School and Kapikad Zilla Panchayat schools in Mangalore, Karnataka. It also contributes towards the construction of additional classrooms, school funds/corpus funds, school furniture, and equipment and so on, especially in backward areas. The Foundation recently purchased an index Braille printer for the Sharada Devi Andhara Vikasa Kendra in Shimoga, Karnataka. The Foundation donated study material, including science kits, to 20 schools in rural Karnataka. Donations have also been made towards computer centers in rural areas of Karnataka. The Foundation works with various organizations in Maharastra, Tamil Nadu and Orissa, to facilitate the education of slum children in these states. The Foundation collaborated with the Center for Environment Education (CEE), Bangalore, for the orientation of teachers specializing in science and the environment. The Center developed training material on water. During the program, it linked the Science and Social Studies curriculum with the environmental perspective. Around 15 camps were held in various parts of Karnataka over the last 3 years. Totally, around 1,000 teachers were trained. It helps the Bangalore Association for Science towards the development and maintenance of the planetarium in Bangalore, including funding of the sky-theater program at the planetarium. The Foundation constructed a science center at

a rural school in the Kolar District of Karnataka, a one-of-its-kind center in the entire district. It caters to the students of the school, as well as schools in the neighboring villages. It made a contribution to fund new self-employment courses at post graduation and post matriculation levels at the Nrupathunga Educational Institute in Hyderabad.

Arts and Culture

Preserving our rich heritage and honoring our artisans are some of the ways the Infosys Foundation contributes to this space. The Foundation has helped revive the art of the weavers of Pochampalli village in Andhra Pradesh. It helps organize cultural programs to promote artists in rural areas of Karnataka and Andhra Pradesh. It traces and honors artistes from different parts of India. Today, the scope of the foundation's activities has widened to identifying under-privileged artists from different walks of like, be it writers, painters, poets or musicians, who don't have access to contacts or help. It assists them on a "need" basis, offering financial assistance, promoting their art, or helping them receive much-deserved recognition. It organizes programs like puppet shows and other cultural events to encourage artistes and performers in rural areas of Karnataka and Andhra Pradesh, and offers them financial assistance to carry forward their art. In Karnataka, the Gamaka form of music was fast disappearing. A few years ago, The Foundation coordinated a project to donate more than 200 sets - comprising a Gamaka cassette and record player - to 100 rural schools in Karnataka, to bring the dying art form back to life. It has sponsored art exhibitions and performing arts programs in Dharwad and Bangalore in Karnataka.

Awards for the Infosys Foundation

Some of the awards received by Infosys are:

• 'Computer World Award – 2001' – International

Level.

• 'The Economic Times Corporate Citizenship Award' for outstanding philanthropic work at national level.

INFOSYS SCIENCE FOUNDATION

During fiscal 2009 Infosys Science Foundation, a not-for-profit trust was established to promote research in pure and applied sciences in India. The Infosys Prize endeavors to elevate the prestige of scientific research in India and inspire young Indians to choose a vocation in scientific research. It also seeks to boost the confidence of economists, social scientists and other researchers who are already engaged in and committed to advanced research in these areas.

The Infosys Science Foundation Prize categories include:

• Physical Sciences – Physics and Chemistry

• Mathematical Sciences – Mathematics and Statistics

• Engineering Sciences – All branches of Engineering

• Life Sciences – Biology and Medicine

• Social Sciences and Economics – Economics, History, Sociology, Political Sciences and other Social Sciences.

The jury for each area consists of eminent international personalities selected by the trustees of the Foundation. The inaugural Infosys Prize laureates were felicitated and awarded prizes at a grand ceremony in New Delhi on January 4, 2010, by Honorable Vice President of India Mohammad Hamid Ansari. The prize in each category comprised a special gold medallion, a citation expounding the laureate's work and Rs. 50 lakhs as prize money.

Emergency aid

In 2009, floods in Andhra Pradesh and Karnataka caused widespread destruction of life and property. The Infosys Foundation and Infoscions donated 30 crore towards rehabilitation and reconstruction of homes. In 2010, Infosys Australia organized a fund-raiser to support Red Cross' disaster relief efforts in the wake of earthquakes in Haiti and Chile. Infosys USA worked with Red Cross to provide Haitians with food and medical care.

Digital empowerment

Infosys initiates children into Information Technology at a young age through the SPARK program. In 2009-10, Infoscions touched the lives of more than 70,000 students across India by undertaking IT training and mentoring teachers of government-aided schools in rural areas.

Shaping policies

Members of the board of directors of Infosys serve on global councils and contribute to policy making in corporate governance, education, healthcare, diversity, and the environment. Infosys is partnering with state utilities in India to introduce 'voluntary green tariff', enabling consumers to offset the cost of renewable energy. Infosys hosted the Climate Roadmap Sub-National Workshop at Mysore, a platform to share best practices in environment sustainability.

Promoting education and research

Infosys is working with more than 400 engineering colleges in India to enhance their curriculum and enrich the talent pool through the Campus Connect program. The Infosys Science Foundation promotes research in pure and applied sciences with an annual prize of 50 lakhs for Indian researchers.

Social Awareness and Education

The role among corporate stakeholders is to work collectively to pressure corporations that are changing. Shareholders and investors themselves, through socially responsible investing are exerting pressure on corporations to behave responsibly. Non-governmental organizations are also taking an increasing role, leveraging the power of the media and the Internet to increase their scrutiny and collective activism around corporate behaviour. Through education and dialogue, the development of community awareness in holding businesses responsible for their actions is growing. In recent years, the traditional concept of CSR is being challenged by the more community-conscious Creating Shared Value concept (CSV), and several companies are refining their collaboration with stakeholders accordingly.

Social contract

Infosys is committed to an equitable society. Infosys employees make a difference by taking up social causes in healthcare, education, art and culture, rural rehabilitation and inclusive growth.

CORPORATE GOVERNANCE ACHIEVEMENTS AND RATINGS AT INFOSYS

Infosys is committed to long-term shareholder value. Its business activities are anchored in three pillars of corporate behaviour, Viz., Business Ethics, Corporate Governance and Corporate Social Responsibility. In 2000, the company was conferred the National Award for Excellence in Corporate Governance by the Government of India. The Business World — IMRB Survey ranked Infosys number one among the most respected companies in India, in 2001. It was voted as India's best managed company for 6 years in a row, between 1996 and 2001 by the Asia Money Poll. In the year 2000, in the survey

of Far Eastern Economic Review, Infosys was selected as one of Asia's leading corporations and was ranked first as "The Company that Others Try to Emulate". The company was voted "India's Most Admired Company" in Economic Times in 2000. In 2003, Infosys Technologies co-founder and chairman, Mr. N. R. Narayana Murthy, won the Ernst &t Young World Entrepreneur of the Year award and his company's "outstanding financial performance and global impact in a dynamic and volatile industry". Infosys Technologies has won the prestigious Global "Most-Admired Knowledge Enterprises" (MAKE) Award, for 2004. Infosys Technologies made a winning sweep in the Business World "Most Respected Companies' Award" 2004. The Business Today—AT Kearney study conducted in March 2005 placed Infosys Technologies as "India's Best Managed Company". It was also recognised in a number of other categories including corporate governance, creation of shareholder value, corporate social responsibility and innovation. CRISIL assigned the company the "CRISIL GVC Level 1" rating, which indicates the capability to create wealth for all stakeholders while adopting sound corporate governance practices. ICRA assigned "CGR 1" rating to the company's corporate governance practices. The asset magazine acclaims Infosys's corporate governance and has been named as the best company in India in corporate governance in 2008.

Infosys wins Platinum Award in the Asset Corporate 2010 Awards

Infosys Technologies has been awarded The Asset Corporate Governance Platinum Award for overall financial performance, management acumen, corporate governance, social responsibility and environmental responsibility and investor relations.

The Asset magazine honors excellence by evaluating entries and selecting winners based on

a stringent methodology. The board of editors of the magazine hears presentations of shortlisted companies and conducts interviews of clients or investors. Winners are announced based on scores that are tabulated according to quantitative and qualitative factors.

Infosys' score (Percentage of votes)

- Corporate governance - 90%
- Social responsibility - 81%
- Environmental responsibility - 91%
- Investor relations - 81%

Infosys is India's best company for corporate governance

Infosys topped a poll on best practices in corporate governance conducted by Asia money. Infosys ranked number one across categories of 'disclosure and transparency, responsibilities of management and the board of directors, and shareholders' rights and equitable treatment'.
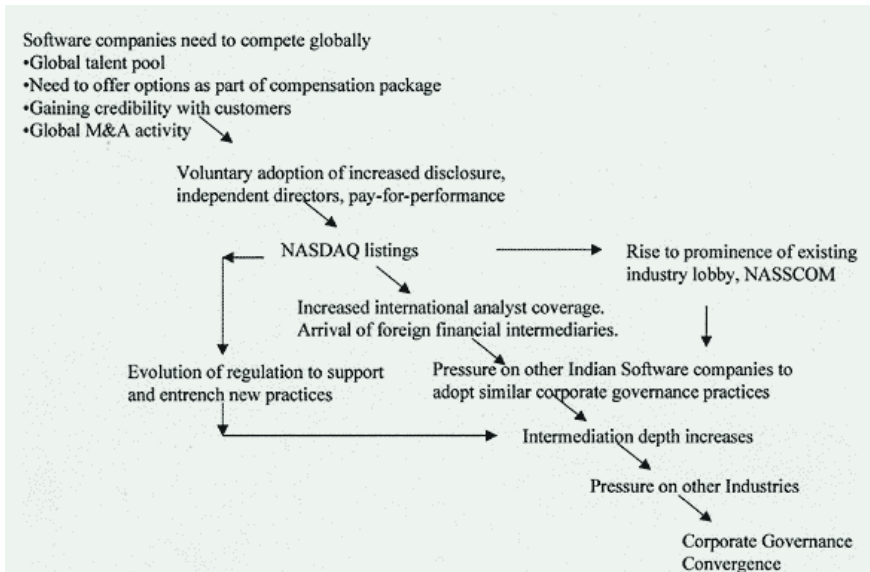
Percentage of votes polled by Infosys

- Corporate Governance - 17.74%
- Disclosure and Transparency - 20.90%
- Responsibilities of management and the board of directors - 18.75%
- Shareholder's right and equitable treatment - 20.93%

Asia money reports that the biggest winners in its poll are companies that inspire confidence among investors and financial backers through sound corporate governance. The magazine recognized Infosys as the 'best managed large cap company' in India for growing its global footprint, increasing profitability and controlling costs.

CEOs, CIOs, senior executives from fund management and hedge fund companies, and heads of research and senior analysts across the Asia-Pacific region participated in the Asia Money

Corporate Governance Poll 2010.

Effects of Infosys Corporate Governance Initiatives

Software companies need to compete globally
•Global talent pool
•Need to offer options as part of compensation package
•Gaining credibility with customers
•Global M&A activity

Voluntary adoption of increased disclosure,
independent directors, pay-for-performance

NASDAQ listings → Rise to prominence of existing industry lobby, NASSCOM

Increased international analyst coverage.
Arrival of foreign financial intermediaries.

Evolution of regulation to support
and entrench new practices

Pressure on other Indian Software companies to
adopt similar corporate governance practices

Intermediation depth increases

Pressure on other Industries

Corporate Governance Convergence

CONCLUSION

Intoscions have contributed to a great extent to the world. They have helped each segment of the society like Healthcare, Rural Development and Social Rehabilitation, Learning and Education, Art and Culture. Infosys is committed to long-term shareholder value. Its business activities are anchored in three pillars of corporate behaviour, Viz., Business Ethics, Corporate Governance and Corporate Social Responsibility. Infosys has practiced best CSR and governance practices and has become role model for other companies.

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7 CORPORATE SOCIAL RESPONSIBILITIES - A CASE STUDY ON V-GUARD PVT. LTD.

*Shivaprasad G

ABSTRACT

In 1977, Kochouseph Chittilappilly began a small manufacturing unit for voltage stabilizers with a vision and a capital of Rs 1,00,000 borrowed from his father. He soon established V Guard Industries as a household name.

V-Guard became the synonym for voltage stabilizers across India. The company soon extended their range of products to include Pumps & Motors, Electric Water Heaters, Solar Water Heaters, Wires, UPS, Digitsl UPS, Batteries and Fans. V Guard continues to remain at the helm through rigorous research and development. R&D labs at Cochin and Coimbatore explore and reinvent existing products and design. State of the art production centers ensure consistency and quality throughout the product range. V Guard has an employee strength of more than 1300 and over 5500 indirect employees through its SHG initiatives. With nearly 200 distributors and service centers and above 9500 retailers serving the needs of a 50 million customers, V Guard stands as a market leader. V Guard has taken many initiatives to fulfill corporate social responsibilities. Some of them are the Thomas Chittilapilly Trust, Shantimandiram, Social Welfare Fund, Stabilizer SHG Activity, etc.

Key Words: *SHG – Self Help Group, EW - Economically Weaker*

INTRODUCTION

What started in 1977 with two employees and a burning passion is now a force to reckon with in the Indian electric and electronic goods panorama. V-Guard's untiring commitment for performance, cutting edge technology, innovative design and dependable service standards have led to unrivalled product quality and a trusted brand image.

At V-Guard the principles that motivated V-Guard success remain unchanged. Through stringent quality measures, reliable products, talented people and a responsible approach to business and global citizenship of V-Guard continue to steadily capture the hearts of the people.

In 1977, Kochouseph Chittilappilly began a small manufacturing unit for voltage stabilizers with a vision and a capital of Rs 1, 00,000 borrowed from his father. He soon established V-Guard Industries as a household name. V-Guard became the synonym for voltage stabilizers across South India. The company soon extended their range of products to include Pumps & Motors, Electric Water Heaters, Solar Water Heaters, Cables, UPS's, and Ceiling Fans.

V-Guard continues to remain at the helm through rigorous research and development. R&D labs at Cochin and Coimbatore explore and reinvent existing products and design. R&D for electronic products and electric geysers are carried out in Cochin while electro-mechanical products, electrical wires and solar water heaters are the

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strong point of the Coimbatore R&D lab. State of the art production centres ensure consistency and quality throughout the product range.

Workforce being the core asset of any organization, V-Guard has employee strength of more than 1300 and over 5500 indirect employees through its SHG initiatives. With nearly 200 distributors and service centres and above 9500 retailers serving the needs of a 50 million customers, V-Guard stands as a market leader.

V-Guard believes in the amalgamation of corporate management, sustainable development and global responsibility in working toward a better society and thereby a better world. V - Guard committed to greening our environment, supporting the less fortunate and nurturing the downtrodden.

CURRENT STATUS OF V- GUARD

The Board of Directors of V-Guard Industries Limited, the electronic and electrical major today considered and adopted the unaudited financial results of Company for the quarter ended 31st December, 2011.

The net sales of the Company rose to ₹256.86 crores, showing an increase of 45%, from net sales of ₹176.80 crores, achieved in the corresponding period of the previous year. The Company achieved a profit after tax of ₹12.45 crores during the quarter under review, thereby showing an increase of 46% over the profit after tax of ₹8.55 crores achieved in the corresponding period of the previous year.

The net sales of the Company for the first nine months ended rose to ₹715.96 crores, showing an increase of 42%, from net sales of ₹503.75 crores, achieved in the corresponding period of the previous year.

Mithun K Chittilappilly, Executive Director, said that product verticals like Motor pumps, cables, Digital UPS and stabilizers have contributed to sales growth. He said that Management has introduced various cost control initiatives which has resulted in improved margins in the current inflationary environment.

According to Dr. George Sleeba, Joint Managing Director said that the new solar water heater plant with new and improved technology built at a cost of ₹10.50 crores has become operational in February 2012.

CSR ACTIVITIES AT V- GUARD

The Thomas Chittilapilly Trust

The Thomas Chittilapilly Trust was founded by Kochouseph Chittilapilly, in memory of his late father, C.O. Thomas. It is an extension of the philanthropic and responsible values espoused at V-Guard. It is dedicated to extending its reach to areas of health, education and care.

The trust provides health insurance cover for 1314 families from financially backward classes, 922 families at Tholur Panchayat, Kerala and 105 families in Ramanagaram Taluk in Bangalore, Karnataka.

It also conducts free health camps at villages and backward areas where the reach of proper health care is absent. It sponsors the education of 1587 school children from economically backward sections in Thrissur and Ernakulam Districts in Kerala and Ramanagaram Taluk, Bangalore.

The trust has also made substantial contributions to NGO's working for various social welfare causes like Udhavumkarangal and the SOS village. It has also donated generously to many national level causes and relief funds like the Prime Minister's Relief Fund, Kargil war victims, relief for the earthquake victims of Latur and Gujarat, victims of the Orissa cyclone and the Tsunami Relief Fund of the Prime Minister as well as the Chief Minister.

Shantimandiram

An old age home for women, providing shelter and care for those who are unable to care of themselves in Parappur Village, Trissur, Kerala. It is managed by the Sisters of CMC Nirmala Province in whose able hands the inmates receive love and care irrespective of caste and community. The facility accommodates 60 inmates at a time and is recognised by the Board of Control for Orphanages and other Charitable Homes, Kerala.

True to its name, all facilities are provided free of cost and it is a haven of peace and tranquillity where the inmates spend the evening of their lives in dignity and comfort.

Social Welfare Fund

Social welfare consciousness being embedded in V-Guard work culture has motivated the employees to join hands in reaching out in charity. The Social Welfare Fund was created out of the goodwill of the employees who collate funds and donate towards cost of medicines for the poor in the cancer ward at the Ernakulam General Hospital. V Guard has an employee strength of more than 1300 and over 5500 indirect employees through its SHG initiatives. With nearly 200 distributors and service centres and above 9500 retailers serving the needs of a 50 million customers, V Guard stands as a market leader.

Stabilizer SHG Activity

Since its inception V-Guard has been providing a mutually beneficial income generating option to women. Women who have grouped themselves to form SHG's (Self Help Groups) are distributed assembly kits for voltage stabilizers. An efficient distribution and collection system networks the women with the company and has been a resounding success for decades. It provides a stable income for their households and in turn emancipation from poverty.

Aids to EW Students

V-Guard Industries, as part of its corporate social responsibility, gave away school bags, notebooks and umbrellas to 219 students belonging to the families from the economically weaker section of the society. The students were from classes III to VII. The notebook was distributed at the K.K Chavady middle school.

Big Idea- Business Plan Contest

V- Guard, the consumer electrical and electronic major, is launching a business plan contest. The V- Guard 'Big Idea Business Plan Contest' is aimed at promoting a spirit of entrepreneurship and innovation among MBA & B-Tech students across India. The contest provides a unique opportunity to students to get creative, propose new business avenues for V- Guard and draw up a business plan on what they think should be V- Guard's next move for growth, differentiation and leadership.

ROTARY-BINANI ZINC CSR AWARD

V Guard Industries was awarded the ROTARY-BINANI ZINC CSR AWARD (Private Sector) by the Rotary Club of Cochin Metropolis, in association with NIPM Kerala Chapter and ICAI, Ernakulam Branch for Best Corporate Social Responsibility Initiative by a company in the State of Kerala.

ARCHITECTURAL EXCELLENCE AWARD

V-Guard's new Corporate Office has been awarded the "Gold Leaf Award" for Architectural Excellence- State level- in the Public and Semi Public Buildings Category for the year 2009-10, instituted by Indian Institute of Architects-Kerala Chapter.

CONCLUSION

V-Guard Company believes in nurturing positive relationships across the entire range of stakeholders and the public which helps the Company understand pertinent issues, develop businesses, enhance stakeholder value and manage risks better. It is this relationship, trust and commitment to stakeholder interest and the warm reciprocity of the same by the stakeholders that make V-Guard robust, resilient and sustainable.

A "Social welfare fund" was started during the year as an Employees' initiative with the objective of helping the ailing cancer patients in General Hospital, Cochin. Every month, Employees voluntarily contribute to this fund from their salary. The fund so collected is utilized for providing medicines to the cancer patients. With this amount, medicines worth ₹3,00,000/- has been purchased and supplied during the financial year.

Education of children, especially those belonging to the lower strata of society continues to be one of the major thrust areas of Company's CSR interventions. During the year, the Company has adopted a Government school near Corporate Office at Vennala and has associated with them in improving the welfare of students and basic amenities of the school. It has benefitted many students who belong to the under privileged section of the society.

V-Gourd Company plans to undertake more activities in the coming financial year to reaffirm its commitment to the societal welfare.

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8 ISO 26000 -GUIDANCE ON SOCIAL RESPONSIBILITY

ISO 26000: ISO/TMB Working Group
Place of Publication: Geneva
Publisher: ISO

Number of Pages: One Hundred and Six
Edition: First
Date of Publication: 01-11-2010

*Praveen Kumar Sinha

INTRODUCTION

ISO (the International Organization for Standardization) is a worldwide federation of national Standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which technical committees have been established has the right to be represented on that committee. International organizations, governmental and non-governmental in liaison with ISO also take part in the work. International Standards are drafted in accordance with the rules given in the ISO/IEC Directives, Part 2.

The main task of the technical committees is to prepare international standards. Draft international Standards adopted by the technical committees are circulated to the member bodies for voting. Publication as an international Standard requires approval by at least seventy five percentage of the member bodies casting a vote.

BACKGROUND

This International Standard was developed using a multi-stakeholder approach involving experts from more than 90 countries and 40 international or broadly- based regional organizations involved in different aspects of social responsibility. These experts were from six different stakeholders groups: consumers, government, industry, labour, non-governmental organizations (NGOs) and service, support, research, academics and others. However the participation of various stakeholders group was constrained by various factors like availability of resources and need for English language skills.

EVALUATION

The book describes a comprehensive range of actions that stakeholders can take to deliver sound CSR from Guidance on social responsibility, recognizing social responsibility and engaging stakeholders, labour practices, community involvement and development, integrating social responsibility throughout an organization. For each of those topics, the Author offers detailed information in terms of clauses thoroughly presented, including useful facts and links for who'd like to get into further details. In the end of the chapter the book also states the Certifiable initiatives and initiatives connected to commercial or economic interests. Examples of cross sectional initiatives as well as example of cross-sectoral initiatives are well shown as annex 'A' & 'B' which reflects the situation at the time of completion of this international standard.

The authors deal with a number of issues, starting with the most basic – do we need the C in CSR? They emphasize ISOs decision to keep the new standard relevant to everyone – big and small

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businesses, non-profits and even governments. So, social responsibility, sans the big C-word, is the term that is used in the book. So the core of the book is matched to the four main clauses of the standard –

- Principles of social responsibility (clause 4).

- Recognizing social responsibility and engaging stakeholders (clause 5).

- Guidance on social responsibility core subjects (clause 6).

- Guidance on integrating social responsibility throughout an organization (clause 7).

The title of the book shows it as a highly technical book as well as a highly specialized book for people who are interested in this particular aspect of sustainable development and CSR. I could see it as something for a niche audience, perhaps even a book that was very academic in style. I was pleasantly surprised to find it easy to read and not too heavy on the lecturing. The layout is attractive, with useful facts from time to time as well as little grey boxes with interesting and easy to understand annex.

In a nutshell, ISO 26000 talks about what it says on the cover, but it also does more. The content and style of the book make it a useful addition to the collection of books for CSR experts, as I mentioned. But it is also a very good first book for someone just beginning to get interested in sustainability. We all will learn a lot about CSR, and not just about ISO 26000.

CONCLUSION

The book should not be seen as a manual or a recipe book only. It highlights, in my opinion, something critical: what is essential is the process of creating social responsibility among the companies of developed and developing countries as well as developing sustainability strategy and defining the CSR activities that support it.

CALL FOR PAPERS

AMBER – ABBS Management Business and Entrepreneurship Review is a journal of Acharya Bangalore B-School, Bengaluru, India.

The theme of the forthcoming issue is "Tourism: Growth Engine for India".

The journal is seeking submissions from academicians and scholars. The guidelines for submissions are attached. The submissions must be received before 31st July, 2012. Submissions, if found eligible, will be put through a blind review process to be carried out by external reviewers.

The theme of the forthcoming issue is "Tourism: Growth Engine for India". Tourism industry in India is experiencing an unprecedented growth, driven by the burgeoning Indian middle class, growth in foreign tourists and coordinated government efforts to promote 'Incredible India'. India has tremendous potential to become a major global tourist destination provided; a concerted effort is made in this direction by all the stakeholders.

India offers various categories of tourism. These include business tourism, adventure tourism, medical tourism (Ayurveda and other forms of Indian medications), spiritual tourism, pilgrimage tourism, beach tourism (India has the longest coastline in the East) etc in addition to general tourism. Medical tourism which is currently growing at around 30% per annum is one of the sun rise sectors. More and more people are coming to India on business trips. IT and other new economy sectors are supplementing the growth of business tourism. MICE are one of the most happening things today.

Travel and tourism industry is the second highest foreign exchange earner for India, and the government has given travel & tourism organizations export house status. Infrastructure development in the country, namely, modern airports, metro transportation, flyovers, hotels and package tour operators in major tourist destinations have also facilitated the growth of tourism in India. But, there is lot be done in infrastructure development. Environment protection, employment generation, growth of economy and cultural impact of tourism are other important concerns related to tourism.

Keeping this in mind, the coming issue (April 2010 - September 2012) of AMBER will focus on the growth of tourism industry and its potential. We invite research papers, book reviews and case studies in the various areas of tourism industry.

GUIDELINES FOR SUBMISSION

1. Your submission must be in MS Word doc or rich text format.

2. Name of the author, designation and affiliation, and contact e-mail must be placed on the first page.

3. The second page must contain the abstract. Ensure that the abstract is not more than 150 words. Abstract should be in fully justified; italicized text. The abstract should elaborate research background and methodology.

4. The third page must contain the title and the body of the article must start here.

5. The body of the article must be center-justified and the entire article must be of font size 10 in Times New Roman font except for headings. The title must be boldfaced with 14 font size, in Title Case. Each of the subheadings must be of font size 12, boldfaced, and in Title case. Section headings of the subheadings can be of font size 10 and boldfaced in Title case.

6. The spacing between lines must be 1.5. There

must be no tab for the first sentence of every paragraph.

7. All tables must be numbered and must be placed inside the body of text where relevant. The table headings must be placed above the table and be of font size 10 and boldfaced in Title case and centered. The source of the table data must be given at the bottom of the table in the same font and size as that of the body of the text.

8. All figures must be numbered and must be placed inside the body of text where relevant. The figure headings must be placed above the figure and be of font size 10 and boldfaced in Title case and centered. The source of the table data must be given at the bottom of the table in the same font and size as that of the body of the text.

9. Notes must be placed on the same page that the text to which it corresponds in the form of footnotes.

10. Annexure must be numbered and must follow immediately after the body of the text.

11. The body of text must contain references as follows: (Puneetha, 2009) or (WTO, 2009) i.e. last name/surname of the author and year

12. All references have to be arranged in alphabetical order and must be numbered except those of Internet sources. The Internet sources must be placed after other references and must be separately numbered.

13. The references must be presented as follows:

    For books, reports, manuscripts, and unpublished volumes:

    Toffler, A. (1980), the Third Wave: The Classic Study of Tomorrow, Bantam Books, New York, pp. 195-207.

For journals and other periodicals:

Venkatesha, H. R. (2008), "Dealers' Performance and Customers' Preference in Passenger Car Marketing", Vilakshan, Vol. 5, No. 6, pp. 222-235.

For Internet sources, web site addresses must be alphabetically arranged and numbered at the end of the reference section.

14. Authors have to submit two hard copies and one soft copy.

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